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IFAD
INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

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MOVING ALONG THE PARTICIPATORY WAY

From the beginning of its operations, the International Fund for Agricultural Development (IFAD) has sought to bring an internal dynamism to the task of rural poverty alleviation. Relying on the skills, traditions and creativity of the poor themselves, the Fund has explored new ways of mobilizing the poor, enlisting their participation and activating their productive potential. So immense is the worldwide extent of rural poverty that it is only by releasing an internal dynamism of self-reliance that the poor can hope to attain durable food security for themselves. IFAD has played the role of catalyst in this effort to tackle poverty alleviation from the grassroots upwards.

When I assumed the Presidency of the Fund four years ago, I viewed this effort as the most challenging and exciting in the field of development. I believed then, as I believe now, that the Fund's reputation and future would be determined by its effectiveness in meeting this challenge.

As the Fund completes the first year of its second decade of operations, my expectations have not been disappointed. While the rural development effort in general still has a long way to go, it is fair to say that IFAD is making progress in this respect with the experience gained in the field. IFAD has clearly reached the point where its approach offers an important agenda for action in the 1990s by the international development community at large.

Despite continuing resource constraints, the Fund processed 24 loans and 31 technical assistance grants in 1988 for a total of SDR 186.3 million (US$ 242.5 million). For the first time in the Fund's history, 22 out of the 23 projects were IFAD-initiated. This was an expression of our resolve to ascertain that all projects bear an ever-growing IFAD specificity, in particular an increasingly typical poverty focus, beneficiary participation and innovative forms of the grassroots organization of the poor.

While the number of IFAD-initiated projects financed by the Fund reached a peak, about 65% of these projects nevertheless attracted cofinancing from other external donors in 1988. This is an improvement over the 11-year average of less than 60% and indicates the Fund's growing ability to attract increased donor participation in the projects it originates.

Two newly-funded programmes were also introduced during the year: the Extended Cooperation Programme (ECP) with Non-Governmental Organizations (NGOs), which for the first time affords a direct functional link between IFAD and NGOs, with government consent; and the Special Programme for Women in Development, designed to enhance the Fund's technical capacity to address the problems of poor rural women.

At the same time, five new projects were approved under IFAD's Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification, bringing the total number approved thus far to 16, with an IFAD input of SDR 119.9 million (US$ 150.5 million). The Special Programme, which early in the year surpassed its US$ 300 million target for contributions, witnessed an erosion in the value of contributions in subsequent months as the dollar appreciated against other currencies. The effort to mobilize additional contributions to overcome this shortfall therefore continues to go forward in the hope of reattaining the Fund's goal.

Building from a Solid Foundation

Many of the basic elements which involved the Fund's projects in 1988 were already evident and showing good results when I joined the Fund in 1984. During the first year of my term of office, a preponderance of time and attention had to be devoted to the early conclusion of the Second Replenishment negotiations. At the same time, I strongly felt that the shrinkage of financial resources should not be seen only as a constraint but could be perceived as a challenge and an opportunity to improve the specificity of IFAD projects in the vanguard of the global onslaught on poverty. The slowdown over the past few years in the flow of Fund loans, which is now picking up, actually conceals a radical move that has taken place towards (i) greater specificity in targeting and programming; (ii) increased beneficiary participation as a common denominator in all IFAD-supported activities; (iii) greater share of Fund-initiated projects; (iv) more self-assertion of IFAD's role in determining the poverty focus of all projects the Fund accepts to cofinance; and finally (v) enhanced participation of IFAD in implementation follow-up to ensure that projects and programmes stay on course in terms of the Fund's objectives.

My goal from the beginning has therefore been under the guidance of its Governing Bodies to orient the Fund, first of all, toward a greater understanding of the poverty processes which entrap the rural poor in their destitution. Second, I perceived the need for similarly expanded in-depth knowledge about the processes of rural development itself - what works and what doesn't - learned through intensive monitoring, evaluation and feedback. On the basis of these analyses, my overall objective has been to sharpen, refine and extend those elements of IFAD's strategy which have shown the most promise and greatest impact. This has entailed moving farther afield from rhetoric to practical and specific modes of operation.

High priority has been given, in particular, to the development of beneficiary participation in projects from the design stage onwards. Because of their isolation and the poverty of their physical resources, assisting the rural poor can be costly in terms of per capita investments. Evaluation shows that people's participation significantly lowers these costs. People's participation helps to make project results sustainable after IFAD completes its work. It is people's participation which provides the internal dynamic essential to the success of rural development and makes the pilot efforts of the Fund self-generating and in consequence highly replicable. For the smallholders, the landless, the nomads, agro-pastoralists, poor rural women and fishermen who constitute IFAD's main beneficiary groups, active involvement in the design, preparation, implementation and evaluation of projects has become the predominant factor in the alleviation of their poverty and in their attainment of a more productive life.

Greater Specificity in Targeting and Programming

The Fund's efforts to map and analyse rural poverty and its processes have led it to sharpen its participatory approach. It has also enabled IFAD to gradually attain greater specificity in targeting and programming. Participation and targeting are two blades of the scissors that will shape the outcome of a project to reflect the Fund's mandate. The link between the two is such that while active beneficiary participation is essential for improved targeting, without benefit targeting, voluntary beneficiary participation in various stages of the project cycle is inconceivable. Furthermore, increased specificity in the identification of project beneficiaries and in their needs, as they see them, points the way to effective grassroots mobilization.

IFAD has over the past few years consolidated its efforts to clearly identify project beneficiaries, to reach out to those segments of the population which were considered beyond the scope of external assistance. The results of this concerted effort are apparent in the projects approved in 1988. They address the entire range of the Fund's potential beneficiary groups.

Such specificity and breadth of coverage is evident in the sharpened focus on rural women. Income-generating opportunities and new production technologies are specifically designed for women - particularly women heads of households - in 1988 projects for Burundi, Cameroon, China, Costa Rica, Madagascar, Mali, Senegal, the Solomon Islands and The Sudan. These women are farmers, livestock owners or are engaged in off-farm income-generating activities. Women as fishermen or fish processors are specifically targeted in Bangladesh and Nigeria. Women extension agents to serve the needs of women are specified in Pakistan and Yemen, P.D.R., and a women's NGO will mobilize women's participation in Sri Lanka.

Poor nomadic pastoralists and agro-pastoralists will be assisted through projects approved for Mali, The Niger, Yemen, P.D.R. and Algeria/Tunisia. In Mali and The Niger, the projects are designed to demonstrate that the nomads need not be refugees in their own or in a neighbouring country, that they can be mobilized through cooperatives and herders' associations to help themselves and that their development can take place in a sustainable way. Herders who have lost their flocks in drought will get support to rebuild them, keeping in view the carrying capacity of the environment. Participatory rural cooperatives of poor nomads in Yemen, P.D.R. will monitor the implementation of resource conservation measures, input delivery and animal health services. Agro-pastoralists in the Mellegue Watershed bordering Algeria and Tunisia

An Indian girl pumping water in a remote area of the Alto Mayo in Peru. IFAD is reaching out to isolated and indigenous groups throughout the Third World.

will participate in self-help measures for soil and water conservation, pasture improvement and reforestation.

Just as in the case of the nomadic pastoralists, the poor artisanal fisherfolk have often found themselves abandoned to the confines of their communities and to their low-level sheltered existence, with no external support to improve their productivity, marketing or social status. IFAD has taken a positive and bold approach to the upliftment of these communities by designing projects in 1988 for the fishing populations in the Oxbow Lakes area of Bangladesh, remote mangroves of Nigeria and Sucre Province of Venezuela. Beneficiaries will be mobilized specifically to ensure that project benefits are targeted at themselves.

The Fund's more recent efforts to reach out to isolated, indigenous and often bypassed groups - such as the Indians of the Alto Mayo of Peru, or the tribal people of Orissa in India - is evident in 1988 projects to assist the poor Indian farmers of Argentina's northeast, the small farmers without land tenure in the outer islands of Tonga and the widely disbursed and often isolated poor farmers of the Solomon Islands.

Finally, IFAD is keen to address the problem of increasing landlessness, a problem compounded by rapid population growth. The Fund has particularly endeavoured to prove that the landless can be effective beneficiaries of externally funded projects and programmes, including credit projects. Landless labourers will be organized to benefit from specific project components in Pakistan and Sri Lanka. Beneficiary participation is again the key to benefit targeting.

Advancing the Participatory Mode

Evaluation and feedback have further helped to sharpen the participatory approach for which IFAD is now widely recognized. While it is easy to invoke the principle of people's participation in the abstract, mobilizing the grassroots in practice can prove a difficult and time-consuming process.

IFAD has found that participation of beneficiaries is easiest to encourage at the design stage, especially where existing village groups and farmers' or women's associations can serve as interlocutors in needs assessment. Participation becomes more difficult to sustain during the demanding process of project implementation. Therefore, building participation around such concrete benefits as credit or input supply has become an increasingly favoured option of the Fund. At the same time, farmers begin to see that when organized they can influence the quality and quantity of extension services directed at their needs. The quality aspect is taken care of by the fact that the organized farmers can communicate more effectively what their actual needs are and what they expect the extension agents to deliver. As for quantity, the frequency of visits of extension agents and also matters regarding possible cost-sharing between the government and the beneficiaries - each of which may influence the frequency - can be determined through a participatory consultative process instead of being imposed unilaterally from the top. Similarly, input deliveries and marketing outlets can also be influenced in favour of the poor beneficiaries when they can organize themselves into effective receiving mechanisms or into a significant bargaining force.

To IFAD, beneficiary participation is not only an instrument of development, it is also a development goal in itself. Along with the improvement in their material well-being, poor people are able to afford themselves a mechanism for democratic self-expression. This is why IFAD seeks to promote participation through grassroots-based democratic institutions. If they already exist in the form of peasant's associations, cooperatives, pre-cooperatives or women's groups, these can be used as entry points for fostering

Casting the net.
An artisanal fisherman casts his net in the remote mangrove swamps of coastal Nigeria. In 1983 IFAD approved a fisheries development project in the region which will work with these isolated fisherfolk to boost fish production.

project participation. Where the nucleus of an organization does not exist, it can be developed by organizing potential beneficiaries around project activities from which they are likely to gain directly. Such mobilization of people can be spurred spontaneously or it can be ignited through the use of trained group animators.

IFAD's experience has also shown that no matter how strong the motivation to participate may be, poor and often illiterate farmers can lack the managerial skills required even for effective grassroots organization. These organizational tasks have therefore been increasingly entrusted to NGOs.

Gains from NGO Collaboration

Much of what is called participatory development had its origins in the grassroot activities of NGOs working with the very poor. IFAD has not only sought to learn from this experience but is now increasingly joining forces with NGOs in overcoming obstacles to self-reliant grassroots development. The projects approved in 1988 reflect this growing interaction. In Bangladesh, a local NGO will not only identify and organize village level organizations for the Oxbow Lakes Small-Scale Fishermen but will carry out training and technical assistance designed, in part, to make these organizations self-reliant. In the Sucre Support Project for Small Producers in Venezuela, both promotion and training activities to strengthen the cohesion and management of peasant and artisanal fishermen's associations are being provided by a specialized team. Drawn from public institutions and NGOs alike, the team is broadly experienced in working with the poor. Projects in Pakistan, Sri Lanka, Tonga and the Solomon Islands enlist NGOs in organizing participatory groups - including local women's NGOs - for this purpose.

I am especially gratified that the IFAD/NGO Extended Cooperation Programme (ECP) was given an auspicious start in 1988. A community forestry project principally financed by SOS Sahel Britain was the initial activity, undertaken in tandem with two ongoing IFAD-financed rehabilitation projects in northern Sudan. The ECP is designed to support the kind of innovative, path-breaking pilot activities in which NGOs excel and which can provide a source of replication and investment for IFAD and other donors. A number of additional ECP arrangements were coming on-stream during 1988 - including initiatives for Cameroon, Kenya, Mali and Mozambique - involving World Vision International, AFRICARE and the Kenya Women's Finance Trust, among other NGOs. My hope is that the annual US$ 350 000 put into the ECP out of IFAD resources can be more than matched in the near future by donors who share IFAD's belief in the fruitfulness of NGO collaboration in development projects.

Participation and Sustainability

The IFAD-supported projects approved in 1988 reflect the Fund's increasing success in applying participatory techniques to diverse circumstances and needs. The Fund has made considerable progress in linking participatory approaches to the difficult long-term task of forging workable self-help measures to rehabilitate and enhance the environment.

An IFAD-sponsored International Consultation on Environment, Sustainable Development and the Role of Small Farmers, held in October 1988, provided insight into this process (see page 80). Each of the five projects approved under the Special Programme for Sub-Saharan Africa in 1988 is designed to capture improved conservation practices through the participatory mode. In Lesotho this is being done by drawing on the expressed understanding of the farmers themselves that it is only when soil and water conservation are integrated into normal farming practices that long-term food security is assured.

In the Fouta Djallon Agricultural Rehabilitation Project in Guinea, agricultural credit based on existing and traditional village organizations is serving as the energizer to conservation practices, just as cooperative credit is being used as an incentive in the En Nahud Cooperative Credit Project in The Sudan.

In Senegal, village groups will only gradually be drawn into the new agroforestry training and demonstration on a step-by-step basis, as positive environmental results become apparent. And in the Kidal Food and Income Security Programme in Mali, a new code on pasture usage has been drawn up by the beneficiaries themselves, combining improved methods of water harvesting with a more rational programme of pasture management.

These innovative approaches to environmental preservation in the smallholder context have added a new and important dimension to the participatory mode of development, which further confirms the validity of this grassroots-based strategy.

Impact on Credit, Livestock and Irrigation

The participatory approach has also helped to sharpen the focus of the Fund's credit, livestock and irrigation activities. All of the credit components in 1988 projects rely on group lending to small, homogeneous groups of the poor or on traditional village organizations run by the poor themselves. Under the IFAD-supported project in Sri Lanka the landless will gain access to credit for the first time. In the impoverished Fouta Djallon area of Guinea, village development funds will provide access to farm inputs, equipment and marketing services as a means of stimulating cohesiveness and promoting critically needed environmental conservation measures. Group lending through the establishment and multiplication of farmers' cooperatives is the basis of the En Nahud Cooperative Credit Project in The Sudan, which specifically earmarks rural women for participation.

As the Fund's experience with group lending has advanced, new doors have opened to increased project effectiveness. IFAD has found that participatory credit schemes improve project implementation by facilitating the transfer of technology and inputs. They help to lower recurrent costs, increase the outreach of credit to the poorest segments and are increasingly effective in mobilizing group saving. They also act as effective vertical and horizontal links to such related project activities as food processing, marketing and storage, extension, adaptive research, veterinary services and training.

IFAD's projects aimed at small herders and their livestock have similarly evolved under the impact of the participatory mode. The development of small livestock production enterprises for poor farmers in Sichuan, China, is designed not only to speed delivery of inputs and animal stock but also to strengthen the farmers' role in the processing and marketing of their products. While the Livestock Sector Development Project in Cameroon is expected to benefit all of the country's one million cattle herders, its anti-poverty orientation is being strengthened through the encouragement of herders' associations among the very poorest livestock producers in the Extreme North Province. This again demonstrates the importance of participation as a targeting tool. Feedback has shown that women's groups in particular need assistance for small animal production - such as goats and sheep which they can easily manage - so that the Fund has begun investing more in research on small animals and its application in project components for poor rural women.

The Fund's gradual evolution away from large-scale irrigation projects towards the promotion of small-scale water control and water harvesting activities has been similarly induced by insights gained from the participatory mode. Poor farmers are better able to manage, maintain and benefit from water schemes which fit the pattern of their local organization. Thus, water users' associations such as the ones being formed under the Bhutan Punakha-Wangdi Phodrang Valley Development Project in 1988 have become a key vehicle for mobilizing the poor in a number of IFAD-supported projects. Other 1988 projects approved for Lesotho, The Sudan and Yemen, PDR, rely on poor farmers and pastoralists for the management and upkeep of improved irrigation and water harvesting schemes.

The Farmer as Partner and Client

The Fund has been able to adapt the participatory mode to a widening range of project components because of its ongoing effort to gain specific knowledge about its beneficiaries, because of its willingness to question its own policies and subject them to thorough review, and because of its capacity, with a small and flexible staff, to search out appropriate responses.

The new directions being pursued by the Fund in agricultural research and extension linkages for smallholders (see page 82) provide a good example of the impact of participatory development on the Fund's policies. IFAD has sought to internalize what has been an essentially external research/extension system, placing the resource-poor farmer at its centre as both partner and client. While considerable attention has been given to the development of more effective research and extension services - often heavy in terms of high-yielding variety seeds and planting materials and new technology packages - comparatively little has been done to link the two to the small farmer in a dynamic, endogenous process to meet his evolving needs. An IFAD-sponsored Seminar on the Generation and Transfer of Technology for Poor Farmers, held in Seoul, Republic of Korea in 1988, was designed to help bridge this gap.

The Fund has sought to develop a low-cost, farmer-based system oriented toward problem-solving, as the farmers themselves see their problems. Farmer participation is the basis not only for defining the problems needing attention - including non-agronomic problems - but for the selection, application and evaluation of the solutions. Two-way linkages between research results and extension application is also provided by the farmers themselves, who join in participative, on-farm research and share their findings with other farmers. This kind of linkage has the additional advantage of combining the best in the traditional knowledge of farmers with the new technologies and practices being developed by experts. The kind of interactive research/extension system sought by IFAD is only possible on the basis of a participatory approach.

Two projects approved in 1988 show the latest steps forward in this approach. The client-demand system of research and extension developed for Lesotho uses local media and NGOs, and the extension service itself, to sensitize poor farmers to an understanding of their technological needs and possibilities. It gives them a direct say in the system which is oriented to meet those needs. The system is community-based, using on-farm research and even hiring local villagers with technical skills to assist extension agents and farmers in implementation and feedback. The similarly designed system for poor farmers in the highlands of Madagascar also starts with the preoccupations of the farmers themselves. Since these preoccupations include the socio-economic concerns and problems of rural households, which extend beyond the limited scope of agronomic practices but nonetheless affect household food security, the system addresses these needs as well. These projects demonstrate how IFAD is striving to internalize a process which should, ideally, be farmer-based and managed and ultimately self-supporting.

Impact on IFAD's Standing

All of these efforts are indicative of the Fund's direction over the last four years. IFAD's evolution as a unique international development finance institution has been a continuum. The challenges of the past years have enabled us to develop a special niche for the Fund. Thus after having sought to promote a meeting of minds on the Second Replenishment of the Fund's resources, I devoted considerable time to sharpening, refining and extending the Fund's policies and operations. This I hope is helping the Fund enter its second decade with an assured future and an increasingly widespread recognition of what is being called the IFAD style in development.

In its policy dialogues with governments and external donors, the value of IFAD's sharpened approach and expertise is earning increased recognition. Four years ago, relatively little consideration was being given to the plight of the rural poor by governments overwhelmed with debt burdens and the painful need for structural adjustment. In dialogue with IFAD, governments have since become attuned to the positive gains for growth and efficiency available in the smallholder sector and are acting both to shield and to encourage that sector in the adjustment process. Other international financial institutions have also taken a closer look at their policies and are now alive to the necessity of reconciling structural adjustment with poverty alleviation policies.

Not surprisingly, given the Fund's close solidarity with NGOs, a growing number of voluntary organizations engaged in advocacy have drawn attention to IFAD's contributions and have lent their support to efforts to make the Fund better known to world public opinion. They have also pleaded effectively on the Fund's behalf among donor parliaments and treasuries. For an institution which has looked to NGOs for so many formative ideas and activities, this, I must say, has come as a welcome and greatly appreciated bonus.

In addition to the above, there has been an increasing recognition of IFAD in the media across the world. A few years ago the public in general in both developed and developing countries disappointingly had relatively little knowledge of the Fund. This has changed now as the message of the Fund is frequently carried through various media in Member Countries.

Perhaps the major accomplishment of the last four years, in terms of IFAD's impact on development trends and thinking, has come through the Fund's role as a spokesman and advocate for the rural poor and their neglected needs. Early in 1989 a volume of essays elaborating IFAD and other experience in the participatory development process will be published, based on the Fund's own participation in the Nineteenth World Development Conference of the Society for International Development, held in New Delhi (India) in April 1988.

The substantive events surrounding IFAD's Tenth Anniversary Celebrations, together with my own continuing appeals in 1988 before such fora as the Economic and Social Council of the United Nations (ECOSOC), the World Conference of the Society for International Development, the Council of Europe's Campaign on North-South Interdependence and Solidarity and the Oslo Conference on Sustainable Development - all of these activities have helped to move rural poverty issues to the centre of the international agenda. IFAD's proposal for an attack on poverty and hunger as the focal point of the United Nations International Development Strategy for the 1990s has already won a gratifyingly positive response, and I personally look forward to a renewed, global effort to strike these ancient scourges of mankind at their roots in the coming years.

Impact on the Rural Poor

Certainly IFAD is now well established for a salient role in such an endeavour. While I have thus far addressed mainly issues related to the enhanced credibility of the Fund, there can be no question but that the Fund's essential value must be judged on the basis of its impact on the lives of the rural poor. As a result of the total incremental increase in agricultural production expected from all IFAD-financed projects to date, we now estimate that more than 180 million beneficiaries of those projects will enjoy ***durable*** *food security - daily sustenance for life. This works out to an IFAD investment of about US$ 14 per person among the Fund's beneficiaries. Because IFAD-financed projects have also been appraised to create an additional 2.5 million new employment*

opportunities, a new job for one of the rural poor lasting 20 years can be provided by the same US$ 14 in contribution. In terms of cost-effectiveness, I know of no more productive investment.

Cost-Effective Management

When I was elected in Paris in 1984, I undertook solemnly at the Governing Council to devote my energies to pursuing with determination a policy of stringency in management, efficiency and promptitude in action. Since then IFAD has responded to all situations requiring urgent action as was reflected in the design and implementation of the Special Programme for Africa. I have paid particular attention to limiting increases in administrative expenses related to new programme development while, at the same time, improving efficiency of project design and implementation. At the outset of my tenure I was confronted with a budget under which the cost of new programme development accounted for 8% of total loans and grants. With our joint in-house efforts between management, staff and consultants of IFAD, we have been able to bring this ratio down to 6% in the proposed 1989 budget. One area which remains beyond our control is the payments to cooperating institutions for loan servicing and other expenses. Significant savings could be made in this area if IFAD were to assume a larger share of responsibility.

Toward a Self-Reliant Financial Basis for the Fund

The Fund's Third Replenishment, now nearing completion, should open the path to a high degree of financial autonomy for IFAD by the end of the next decade. I have been greatly encouraged throughout the Replenishment negotiations by the exceptionally strong support extended to the Fund by all three Categories of Member Countries.

The expressed willingness of Category III countries to increase their contributions in convertible currency is, I think, a testimony to IFAD's value and effectiveness in the poverty alleviation effort. I am also gratified by the flexibility and constructive spirit demonstrated by Category I countries in being prepared to match Category III contributions separately, in addition to their traditional matching of contributions of Category II countries. The latter have also shown strong determination to make the maximum contributions they can, under the dire circumstances prevailing in their countries. The sense of solidarity displayed by these three groups of countries is a clear reaffirmation of their commitment to joint cooperative efforts in bringing about a World without Hunger.

A satisfactory and timely outcome of the Third Replenishment will enable IFAD to broaden the coverage, and further sharpen the impact, of its interventions in favour of the poor. Perhaps as important is the fact that it will send an unequivocal signal to the hundreds of millions of the world's deprived that their plight has not been forgotten, and that help is at hand in providing them a viable future.

But we also need to look beyond the immediate questions of the Replenishment. The High-Level Intergovernmental Committee, established by the Governing Council at its Tenth Session to examine IFAD's Future Financial Basis and Structure, will be resuming its deliberations in 1989. The Committee has before it a number of important proposals which would serve to strengthen greatly the Fund's longer-term financial basis. Its work offers Member Countries an important opportunity to consider together how to accelerate progress towards making IFAD an increasingly self-reliant source of support in the battle against hunger and poverty.

The Future Agenda

The effort to increase the Fund's financial self-reliance will be accompanied by continued efforts to consolidate the gains made in field operations, especially in the areas of emphasis indicated above. While we are very gratified by the increasing recognition the Fund has achieved in the development community, we are far from complacent. We are continuously learning from our successes and failures and making a determined effort to feed information back into future project and programme designs to improve IFAD's performance. While pursuing this constant search for growing effectiveness in our present work programme, I hold the belief that, in the changing world of the coming decade, IFAD should explore several new areas of action.

The first is the full integration of sustainable agricultural development into the poverty alleviation compact and vice-versa. This will call for further elaboration and implementation of programmes drawing on the traditional wisdom of the rural folk themselves and improving upon it in order to protect and enhance the environment through people's participation. The particular challenge will remain how to build in short-term incentives so that poor populations are encouraged to undertake longer-term investments in environmental protection. A related effort is to convince policy makers that it is economically prudent to borrow for the financing of such conservation-based projects.

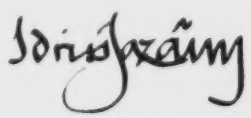
Second, IFAD needs to give a stronger impetus to sub-regional cooperation not only in training, research and technology development but also in production-oriented activities. The Fund will, for example, increase support for the strengthening of training capacities at the regional and sub-regional levels. This could be effected through entities like the Southern African Development Coordination Conference (SADCC), the Preferential Trade Area (PTA), the Regional Unit for Technical Assistance (RUTA), the Near East and North Africa Regional Agricultural Credit Association (NENARACA) and perhaps in the near future through whatever entity of economic cooperation might be developed between the countries of the Maghreb. More important, research programmes to address the common problems shared by groups of countries need to be supported on a sub-regional basis. Two evolving examples are the research efforts already being directed at desert locusts and the wide-scale disease afflicting the date palms which are of relevance for countries in the Near East, North Africa and the Gulf area. More such sub-regional research initiatives will be taken up in the coming year. Moreover, joint production-oriented ventures (watershed and rangeland management, seed multiplication and production, triangular trade and production of food grains among countries with complementary economies) will be pursued vigorously. In this respect the experience gained from the Algeria/Tunisia joint venture approved in 1988 will be carefully assessed and put to use. The jointly planned development on behalf of the nomadic pastoralists of Algeria, Mali and The Niger is another example which needs to be monitored closely.

Third, IFAD needs more actively to foster the exchange of its successful, innovative project experiences between countries. An example is the application of the experience of the Village Development Fund in Mali to the Fouta Djallon Agricultural Rehabilitation Project in Guinea to promote village-based savings mobilization and credit delivery. A similar example is the adaptation of the Bangladesh Grameen Bank model of credit delivery to Malawi, Indonesia and Sri Lanka. These and similar opportunities for replication will be pursued further.

Fourth, the Fund would like to build further upon its successful experiences with effective credit delivery to the rural poor, including the landless and women. Self-reliant systems need to be developed in which the beneficiaries effectively deliver credit to themselves through increased savings mobilization, reduced delivery costs and more productive credit utilization, with IFAD's resources playing only the role of a pump primer.

Fifth, it will be useful to explore how we can broaden our dialogue with Member States and beneficiaries to include the general public. Public opinion in the industrialized countries is clearly sensitive to human tragedies, as the generous outpouring of private donations at times of crisis and famine attest. The question is, how can this spontaneous expression of sympathy, which takes the form of charity, be transformed into a more substantial and systematic flow of resources to eradicate hunger and poverty on a lasting basis, through development institutions like IFAD. Any programme to mobilize resources through private contributions would require the provision of seed money from countries interested in financing such an effort, so that the effort itself would be outside the administrative expenses of the Fund. It is possible that as pressure on Member contributors is gradually relieved through greater self-reliance, private donations could be added to increase the level of the Fund's lending operations.

Finally, a strong drive to attain universality for IFAD in terms of membership, covering all developed and developing country Members of the United Nations, would be a welcome development of the next decade. This would add to both the credibility and sustainability of IFAD's fight against hunger and poverty, giving that effort the truly global dimension the Fund has worked so hard to attain.



Idriss Jazairy
President

BUILDING A FUTURE

REVIEW OF OPERATIONS

Overall Operations

In 1988 IFAD began its second decade of operations as an International Financial Institution with the special mandate of alleviating rural poverty in developing countries. A total of SDR 186.3 million (US$ 242.5 million) in new loans and grants was approved for project activities in the year (Table 1). Twenty-two of the 23 projects approved by the Executive Board were IFAD-initiated (Table 2), the highest percentage in the Fund's history (95.6%), as opposed to an average of 71.6% in 1983-87 and 48.6% in 1978-82 (Tables 1 and 3).

In pursuit of its mandate, the Fund has accelerated the thrust of what has come to be recognized as the IFAD style in development. Relying on the creative potential of poor people for their own development, through their own participation, is the essential approach taken by the Fund. IFAD's assistance is designed to provide the catalytic element.

With projects initiated by the Fund reaching a high-water mark in 1988, the seed of IFAD's unique approach to development has thus been sown. Given the staff constraints under which the Fund operates, however, the share of total projects which are IFAD-initiated cannot be expected to be maintained at such a high level in future years. As the Fund's growing policy influence continues to spread to the project pipelines of other financial institutions, its increasingly active participation in project design as a cofinancier in their projects will add an expanding dimension - which would not otherwise have been there - in favour of the rural poor.

IFAD provided SDR 176.5 million (approximately US$ 229.8 million) in 24 loans and SDR 9.8 million (US$ 12.8 million) in 31 grants for a total of SDR 186.3 million (US$ 242.5 million) in 1988. This compares to SDR 175.2 million (US$ 226.6 million) in 1987 for 24 projects and 38 technical assistance grants (Table 1). Nineteen of the loans approved in 1988 were under the Regular Programme and totalled SDR 136.0 million (US$ 177.4 million), together with 19 technical assistance grants worth SDR 7.3 million (US$ 9.5 million) (Table 2). The balance - five loans totalling SDR 40.5 million (US$ 52.4 million) and eleven grants amounting to SDR 2.5 million (US$ 3.2 million) - was provided under the Fund's Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA)[1] (Tables 2 and 11). In addition, one technical assistance grant was given under the Non-Governmental Organizations/Extended Cooperation Programme (NGO/ECP) for SDR 29 230 (US$ 38 000) (page 18).

(1) Of the 44 sub-Saharan African countries referred to in the Technical Notes on page 135, 24 IFAD Member Countries are covered by the SPA. Under the Fund's Regular Programme, the Africa region does not include Djibouti, Somalia and The Sudan, which are covered under the SPA but included in the Fund's regular programming for the Near East and North Africa.

IFAD at a Glance, 1978-1988

Table 1

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1978-88
OPERATIONAL ACTIVITIES (SDR million)												
Loan Approvals[1][2]												
• Number of projects	8	21	27	30	25	24	25	16	20	24	23	243
• Amount of loans	76.1	258.9	292.7	301.3	291.1	247.6	192.8	118.8	118.1	164.6	176.5	2238.3
• Disbursements		2.0	35.1	56.9	85.0	132.0	191.2	200.4	191.1	163.9	156.2	1213.7
Regular Programme												
• Number of projects	8	21	27	30	25	24	25	16	16	19	18	229
• Amount of loans	76.1	258.9	292.7	301.3	291.1	247.6	192.8	118.8	87.5	115.8	136.0	2118.3
• Disbursements		2.0	35.1	56.9	85.0	132.0	191.2	200.4	190.9	163.7	145.0	1202.1
Special Programme for Sub-Saharan Africa												
• Number of projects									5[5]	6[6]	5	16
• Amount of loans									30.6	48.8	40.5	119.9
• Disbursements									0.2	0.2	11.2	11.6
Highly Concessional Loans[2][3]												
• Number of projects	6	17	20	18	13	14	18	11	10	17	16	160
• Amount of loans	55.9	221.6	192.3	216.9	131.3	150.2	148.5	81.4	64.1	114.3	104.5	1480.9
• Disbursements		1.8	30.0	42.7	58.6	87.5	124.3	144.9	130.4	114.4	121.8	856.4
Intermediate Loans[3]												
• Number of projects	2	4	5	11	10	8	4	3	8	6	3	64
• Amount of loans	20.2	37.3	67.3	77.1	138.2	82.0	22.8	25.8	39.9	43.2	32.3	585.9
• Disbursements		0.2	5.0	12.6	23.1	30.0	59.1	46.5	49.1	36.2	26.6	288.4
Ordinary Loans[3]												
• Number of projects	0	0	2	1	2	2	3	2	2	1	4	19
• Amount of loans	0.0	0.0	33.1	7.4	21.6	15.4	21.5	11.7	14.1	7.2	39.7	171.5
• Disbursements		0.0	0.1	1.6	3.3	14.4	7.8	9.0	11.6	13.3	7.9	68.9
Technical Assistance Grants[2]												
• Number of grants		18	40	29	32	33	25	23	23	38	31	292
• Amounts		4.3	10.1	18.2	15.2	16.2	13.0	10.5	6.8	10.6	9.8	114.7
Total IFAD Loan and Grant Operations[1][2]	**76.1**	**263.2**	**302.7**	**319.5**	**306.3**	**263.8**	**205.7**	**129.3**	**124.9**	**175.2**	**186.3**	**2353.0**
Cofinancing of which: (US$ million)[2]	144.5	491.1	400.6	430.1	433.8	573.0	332.0	289.6	126.0	211.5	84.8	3516.9
• Multilateral	123.6	341.9	324.0	409.9	408.4	416.5	298.7	259.3	103.2	171.9	73.3	2930.7
• Bilateral	20.9	149.2	76.6	20.1	25.4	156.5	31.5	30.3	21.4	39.2	11.3	582.4
• Non-Governmental Organizations	0.0	0.0	0.0	0.0	0.0	0.0	1.8	0.0	1.4	0.4	0.3	3.8
Domestic Contribution (US$ million)	118.5	1026.7	441.6	340.9	381.1	1101	294.3	159.4	122.6	127.5	131.5	4245.6
Total Project cost (US$ million)	358.2	1851.5	1225.4	1121	1136.9	1942.6	822.8	570.1	388.8	555.5	447.5	10420.3
No. of effective projects under implementation[2]	1	9	32	61	82	113	131	143	148	159	169	
No. of projects in pipeline[2]	NA	NA	NA	97	98	88	86	80	83	78	81	
No. of approved projects initiated by IFAD[2]	0	7	17	17	13	14	14	12	17	21	22	154
MEMBERS' CONTRIBUTIONS (US$ million)												
Contributions to Regular Resources*[4]	592.6	870.8	966.8	935.5	1303.8	1560.7	1763.8	1952.9	2106.3	2333.4	2555.1	2555.1
Contributions to Special Programme*									57.2	199.9	253.0	253.0
INCOME (US$ million)												
Income from investments	16.8	39.4	64.2	60.4	63.8	65.2	65.2	66.0	68.9	73.4	72.6	655.8
Income from loans	—	0.0	0.3	1.1	2.7	5.0	8.4	12.7	18.9	24.7	28.1	101.9
LOAN REPAYMENT* (US$ million)	—	—	—	—	—	1.5	16.7	28.9	52.7	70.9	103.9	103.9
GENERAL RESERVE* (US$ million)	—	—	10.0	15.0	25.0	35.0	45.0	50.0	55.0	60.0	65	
USABLE RESOURCES* (SDR million)	473.0	693.0	820.0	878.0	1164.0	1540.0	1805.0	1893.0	2018.0	2305.0	2593.0	
MEMBERSHIP AND ADMINISTRATION												
Member countries*	125	125	135	136	139	139	139	139	142	142	143	
Recipient countries*	8	25	44	60	68	77	84	87	89	89	91	
Professional staff*[7]	49	66	67	74	74	74	80	80	84	84	92	
Operating expenses (US$ million)	5.2	10.2	12.7	15.3	16.6	18.6	18.7	20.7	25.3	32.6	34.1	209.9

1988 figures are provisional.

(1) Net of Cancellations as at 30 April 1988. In 1988, 2 loans were given for a joint project for Algeria/Tunisia.

(2) Includes Special Programme for Sub-Saharan Africa, see Table 11, page 126. Total project number under the Regular and the Special Programme do not add up to overall total (241) shown here because 2 projects were partially financed under both programmes.

(3) See foot note (1) page 21.

(4) Includes cash payments or promissory notes inclusive of non-convertible currency contributions and special contributions evaluated at US$ exchange rate from 1978 to 1984 as at end of the year and from 1984 onwards as at historical value.

(5)(6) Includes one project partially financed under the Regular Programme.

(7) Approved positions.

(*) End of period.

Any discrepancy in totals in all tables is due to rounding.

Over its 11 years of operations, 1978-88, the Fund has extended a total of 245 loans, 231 under the Regular Programme and 16 under the Special Programme for Sub-Saharan Africa,[1] for a total amount of SDR 2 238.3 million (US$ 2 637.3 million). Two hundred and ninety-two technical assistance grants worth SDR 114.7 million (US$ 133.2 million) have also been provided by the Fund, accounting for 5.0% of total IFAD operations over the 11 years.

In addition to five new loans under the Special Programme for Sub-Saharan Africa, IFAD stepped up its lending operations under the Regular Programme in 1988. While the number of projects approved under the Regular Programme (18) remained at the same level as the average for the previous three years, 1985-87, the amount of the loans increased by 26.6% to SDR 136.0 million (US$ 177.4 million) from an average of SDR 107.4 million (US$ 124.0 million) over the same period. The average size of all IFAD loans increased to SDR 7.4 million (US$ 9.6 million) in 1988 from SDR 6.7 million (US$ 7.8 million) in 1985-87. To a large extent it reflects increased resource availability during the year as compared with the previous three years.

(1) Separate totals do not add up to the overall total 245 of loans because two projects were partially financed from both Regular and Special Programmes. These have been treated as one loan only. The 245 loans were given for 243 projects.

Loans Approved in 1988 by Region, Type and Lending Terms Table 2

Region and Country	Type of Project	Loan Amount (SDR million)	Lending Terms
Africa (6)			
Burundi (c2)	Agricultural Development	6.90	HC
Cameroon (c1)	Livestock	8.30	I
Madagascar (e)	Rural Development	10.30	HC
Nigeria (c2)	Fisheries	11.50	I
Rwanda (c2)	Agricultural Development	8.60	HC
Sao Tome & Principe (e)	Agricultural Development	1.35	HC
		46.95	
Asia (7)			
Bangladesh (c2)	Fisheries	5.60	HC
Bhutan (c2)	Rural Development	2.00	HC
China (e)	Livestock	13.40	HC
Pakistan (c2)	Livestock	12.50	I
Solomon Islands (c2)	Credit	1.15	HC
Sri Lanka (c2)	Credit	4.85	HC
Tonga (e)	Credit	1.70	HC
		41.20	
Latin America and the Caribbean (3)			
Argentina (c2)	Credit	8.20	O
Costa Rica (c2)	Credit	3.50	O
Venezuela (c2)	Credit	7.80	O
		19.50	
Near East and North Africa (3)			
Algeria (e) (1)	Rural Development	10.90	O
Tunisia (e) (1)	Rural Development	9.30	O
Yemen P.D.R. (c2)	Agricultural Development	8.10	HC
		28.30	
Sub-total Regular Programme (19)		**135.95**	
Special Programme for Sub-Saharan Africa (5)			
Guinea (e)	Rural Development	11.40	HC
Lesotho (e)	Agricultural Development	6.00	HC
Mali (c2)	Rural Development	7.80	HC
Senegal (e)	Agricultural Development	8.50	HC
Sudan (c2)	Credit	6.80	HC
Sub-total Special Programme (5)		**40.50**	
Grand Total Loans (24)[1]		**176.45**	
Technical Assistance Grants[2]		**9.82**	
TOTAL IFAD Operations in 1988		**186.27**	

1988 figures are provisional.

Notes:

(1) Two loans were given for a joint project Algeria/Tunisia. The IsDB is considering cofinancing US$ 4.0 million for the Tunisia project.

(2) Regular resources SDR 7.34 million for 19 technical assistance grants, Special Programme SDR 2.45 million for 11 technical assistance grants, and NGO Extended Cooperation Programme (ECP) 1 grant for SDR 29 230.

(c1) Projects initiated by IFAD's cooperating institutions and cofinanced by IFAD.

(c2) Projects initiated by IFAD and cofinanced by other external donors.

(e) Projects initiated and exclusively financed by IFAD.

Explanation of lending terms:

HC: Highly Concessional

I: Intermediate

O: Ordinary

Growth in the average size of IFAD's loans can be expected to continue in the coming years and to approximate the SDR 9.2 million or US$ 10.8 million in average loan size achieved in the first decade of the Fund's operations. One reason for this trend is connected to the resource constraints faced by a large majority of debt-ridden developing countries, which are primary beneficiaries of IFAD loans. The larger loan size also offers the possibility of broader policy dialogue with recipient governments for the protection and promotion of the interests of the rural poor particularly in the context of structural adjustment programmes.

In 1988, two Member Countries, Argentina and Venezuela, received IFAD loans for the first time, raising the total number of loan recipient countries to 91. Of these, 38 are in Africa, 16 in Asia, 13 in the Near East and North Africa and 24 in Latin America and the Caribbean. The focus of IFAD's operations will remain on the neediest countries. From the evolving realities of developing Member States, it has come out clearly that the Fund, in addition to responding to the needs of the poorest stratum of populations in low-income developing countries, should also address the problems of pockets of acute rural poverty in middle-income countries.

The Fund's leadership role in this important task was explicitly affirmed by an International Panel on Investment Strategies to Combat Rural Poverty which met in Brazilia, Brazil, from 8 to 11 December 1987. It was reaffirmed by an International Consultation on Environment, Sustainable Development and the Role of Small Farmers held in Rome from 11 to 13 October 1988. Similar recognition was accorded by the Development Committee of the World Bank and the International Monetary Fund (IMF) at its September 1988 meeting in West Berlin.

A Venezuelan campesino vaccinates his cow against disease.

Summary of IFAD Projects under the Regular Programme by Initiating Institution and by Region, 1978-1988

Table 3
(SDR million)

		1978-82		1983-87		1988		1978-1988	
Africa									
Coop. Institutions initiated	(Amt.)	119.4		77.6		8.3		205.3	
	(No.)	16	45.7%	12	29.3%	1	16.7%	29	35.4%
IFAD-initiated	(Amt.)	170.4		211.8		38.7		421.0	
	(No.)	19	54.3%	29	70.7%	5	83.3%	53	64.6%
Asia									
Coop. Institutions initiated	(Amt.)	221.6		91.1		0.0		312.7	
	(No.)	18	52.9%	8	32.0%	0	0.0%	26	39.4%
IFAD-initiated	(Amt.)	300.8		172.3		41.2		514.3	
	(No.)	16	47.1%	17	68.0%	7	100.0%	40	60.6%
Latin America & the Caribbean									
Coop. Institutions initiated	(Amt.)	85.4		27.4		0.0		112.7	
	(No.)	11	47.8%	5	27.8%	0	0.0%	16	36.4%
IFAD-initiated	(Amt.)	110.2		69.0		19.5		198.6	
	(No.)	12	52.2%	13	72.2%	3	100.0%	28	63.6%
Near East & North Africa									
Coop. Institutions initiated	(Amt.)	122.9		47.8		0.0		170.7	
	(No.)	12	63.2%	6	37.5%	0	0.0%	18	48.6%
IFAD-initiated	(Amt.)	89.3		65.5		28.3		183.0	
	(No.)	7	36.8%	10	62.5%	2	100.0%	19	51.4%
TOTAL									
Coop. Institutions initiated	**(Amt.)**	**549.3**		**243.8**		**8.3**		**801.4**	
	(No.)	**57**	**51.4%**	**31**	**31.0%**	**1**	**5.6%**	**89**	**38.9%**
IFAD-initiated	**(Amt.)**	**670.7**		**518.5**		**127.7**		**1316.9**	
	(No.)	**54**	**48.6%**	**69**	**69.0%**	**17**	**94.4%**	**140**	**61.1%**

1988 figures are provisional.

Regional Trends and Totals

Table 4 shows the evolution of IFAD's lending under the Regular Programme to the four IFAD regions of Asia, Africa, Latin America and the Caribbean and the Near East and North Africa.[1]

In accordance with IFAD's evolving strategy of regional allocation to meet Africa's pressing needs, the share of financing to this region in 1988 under the Regular Programme maintained the level achieved in previous years, reaching 34.6% of all lending as compared with an average of 29.6% in 1978-88 as a whole. The Near East and North Africa region received 20.8%, representing adjustments due to project slippages in the previous years. The 11-year average remains at 16.7%.

Balancing the increases in the shares of these two regions in 1988, the share of the Asia region declined while that of the Latin America and Caribbean region remained at its historic average. Asia received 30.3% of IFAD lending in 1988, as compared to the 11-year average of 39.0%. Asia's relatively large historic share reflects not only the vast numbers of rural poor in the region but also the fact that Africa's allocation lagged in early years due to difficulties with project design and implementation, which slowed the anticipated pace of investment. On the other hand, the share of Latin America and the Caribbean in 1988 (14.3%) was nearer to its historic average of 14.7%. The experience of IFAD with respect to regional allocation over the 1978-88 period shows that year to year variations are not unusual and tend to average out over time.

Finally, a word on the debt- and drought-stricken countries combined under the term sub-Saharan Africa[2] and supported by lending from both the Regular and Special Programmes. Total lending to these countries in 1988 amounted to 49.6% of all IFAD lending in the year compared with an 11-year average for sub-Saharan Africa of 36.7%.

IFAD's regional lending programme for 1988 shows that all of the projects financed in Asia, Latin America and the Caribbean and the Near East and North Africa were initiated by IFAD (Table 3). As noted in the section on Regional Operations below, the Fund's activities in these three regions have increasingly moved toward more challenging, agro-ecologically marginal areas. These contain the poorest populations - the smallholders, the landless, the nomads and pastoralists - who are largely being bypassed under development programmes sponsored by governments with support from other multilateral and bilateral donors. By initiating projects explicitly on their behalf, the Fund has endeavoured to fill in an important gap in these regions. Under the difficult circumstances currently facing Africa, however, there is a broad convergence of donor intentions. Thus, IFAD was able to join as cofinancier in at least one project (in Cameroon) under its Regular Programme drawn from the pipeline of another multilateral financial institution.

(1) See "Technical Notes" on page 135 for the coverage of IFAD's administrative divisions. It should be noted that under the Fund's Regular Programme, the Africa region does not include Djibouti, Somalia and The Sudan, which are covered under the SPA, but included in the Fund's Regular Programme for the Near East and North Africa.

(2) The term "sub-Saharan Africa" in IFAD includes the countries of the Africa region plus Djibouti, Somalia and The Sudan. See "Technical Notes" on page 135.

Summary of IFAD Operations by Region under the Regular Programme, 1978-1988

Table 4
(SDR million)

		1978-82		1983-87		1988		1978-1988	
Africa	(Amt.)	289.9	23.8%	289.4	38.0%	47.0	34.6%	626.3	29.6%
	(No.)	35		41		6		82	
Recipient countries[1]		28		38		38		38	
Asia	(Amt.)	522.6	42.8%	263.4	34.5%	41.2	30.3%	826.9	39.0%
	(No.)	34		25		7		66	
Recipient countries[1]		12		16		16		16	
Latin America & the Caribbean	(Amt.)	195.6	16.0%	96.3	12.6%	19.5	14.3%	311.4	14.7%
	(No.)	23		18		3		44	
Recipient countries[1]		17		22		24		24	
Near East & North Africa	(Amt.)	212.1	17.4%	113.3	14.9%	28.3	20.8%	353.7	16.7%
	(No.)	19		16		2[2]		37	
Recipient countries[1]		11		10		13		13	
Total	**(Amt.)**	**1220.1**	**100%**	**762.3**	**100%**	**136.0**	**100%**	**2118.3**	**100%**
	(No.)	**111**		**100**		**18**		**229**	
Recipient countries[1]		**68**		**89**		**91**		**91**	
Technical Assistance Grants	(Amt.)	47.8		50.6		7.3		105.7	
	(No.)	119		124		19		262	
TOTAL IFAD Loan and Grant Operations		**1267.9**		**812.9**		**143.3**		2224.1	

1988 figures are provisional.
(1) As at end of period.
(2) Two loans were given for a joint project for Algeria and Tunisia.

Lending Terms and Loan Disbursements

IFAD provides loans to recipient countries on terms that reflect primarily the economic position of the country concerned. Loans are provided on one of the three sets of terms: Highly Concessional, Intermediate or Ordinary.[1]

Tables 5 and 6 present a breakdown of IFAD loans under the Regular Programme in the period 1978-88 by lending terms and regions. In 1988, SDR 64.0 million (US$ 83.5 million) or 47.1% of the loans under the Regular Programme were on Highly Concessional terms (Table 5). In addition, IFAD provided SDR 40.5 million (US$ 52.4 million) of loans on Highly Concessional terms under the SPA (Table 11, page 126). Over the 11 years 1978-88, IFAD has provided a total amount of SDR 1 361.0 million (US$ 1 595.1 million) or 64.2% of total loans on Highly Concessional terms under its Regular Programme for 146 loans to 55 countries. Of this, Africa received 37.8%, Asia received 45.3%, Latin America and the Caribbean 3.9% and the Near East and North Africa 13.0% (Table 6).

Loans on Intermediate terms in 1988, at SDR 32.3 million (US$ 42.0 million) or 23.8%, maintained their relative share of previous years (Table 5). IFAD over its 11 years allocated SDR 585.9 million (US$ 683.0 million) or 27.7% on Intermediate terms. Intermediate loans were made to all the regions, with Asia accounting for 36.0%, Latin America and the Caribbean 28.3%, Africa 18.1% and the Near East and North Africa 17.6% (Table 6).

(1) Countries with per capita incomes under US$ 300 at 1976 prices are usually entitled to loans on Highly Concessional terms (a repayment period of 50 years, including a grace period of 10 years and a service charge of 1% per annum). Countries with per capita incomes over US$ 300 in 1976 prices normally receive loans on Intermediate terms (repayment period of 20 years including a grace period of 5 years with an interest rate of 4% per annum) or on Ordinary terms (a repayment period of 15-18 years including a grace period of 3 years with an interest rate of 8% per annum).

IFAD Projects by Lending Terms under the Regular Programme, 1978-1988

Table 5
(SDR million)

		1978-82		1983-87		1988		1978-1988	
Highly Concessional	(Amt.)	818.0	67.0%	479.0	62.8%	64.0	47.1%	1361.0	64.2%
	(No.)	74		61		11		146	
Intermediate	(Amt.)	340.0	27.9%	213.6	28.0%	32.3	23.8%	585.9	27.7%
	(No.)	32		29		3		64	
Ordinary	(Amt.)	62.1	5.1%	69.8	9.1%	39.7	29.2%	171.5	8.1%
	(No.)	5		10		4		19	
TOTAL	**(Amt.)**	**1220.1**	**100.0%**	**762.3**	**100.0%**	**136.0**	**100.0%**	**2118.3**	**100.0%**
	(No.)	**111**		**100**		**18**		**229**	

1988 figures are provisional.

Rice-harvesting in Nepal on land irrigated under the IFAD-supported Small Farmer Development Programme.

Summary of IFAD Loans under the Regular Programme by Region and by Lending Terms, 1978-1988

Table 6
(SDR million)

		Sub-Saharan Africa	(%)	Asia	(%)	Latin America & the Caribbean	(%)	Near East & North Africa	(%)	Total	(%)
Highly Concessional	(Amt.)	514.4	82.1	616.1	74.5	53.1	17.0	177.4	50.2	1361.0	64.2
	(%)	37.8		45.3		3.9		13.0		100.0	
	(No.)	68		48		8		22		146	
Intermediate	(Amt.)	106.2	17.0	210.9	25.5	165.7	53.2	103.2	29.2	585.9	27.7
	(%)	18.1		36.0		28.3		17.6		100.0	
	(No.)	13		18		25		8		64	
Ordinary	(Amt.)	5.7	0.9	0.0	0.0	92.7	29.8	73.2	20.7	171.5	8.1
	(%)	3.3		0.0		54.0		42.7		100.0	
	(No.)	1		0		11		7		19	
TOTAL	**(Amt.)**	**626.3**	**100.0**	**826.9**	**100.0**	**311.4**	**100.0**	**353.7**	**100.0**	**2118.3**	**100.0**
	(%)	**29.6**		**39.0**		**14.7**		**16.7**		**100.0**	
	(No.)	**82**		**66**		**44**		**37**		**229**	

1988 figures are provisional.

Lending on Ordinary terms in 1988 has shown an increase over 1983-87, to SDR 39.7 million (US$ 51.9 million) or 29.2% of total lending as against 9.1% over the previous five years (Table 5). Overall, total IFAD lending on Ordinary terms in 1978-88 accounted for SDR 171.5 million (US$ 208.2 million), which was 8.1% of the total. Almost all of this went to the Latin America and Caribbean (54.0%) and the Near East and North Africa (42.7%) regions (Table 6). In view of the necessity to reinforce IFAD's future financial basis and structure, the Lending Policies and Criteria of the Fund have been applied more stringently in recent years.

As for loan disbursements, 62.3% of total effective loans as of the end of 1988 have been disbursed (Table 7). This rate is better than that of most other multilateral financial institutions, except the World Bank and the International Development Association (IDA) (69% and 65% respectively), which have a much longer disbursement period, about 40 and 30 years respectively, as compared to only 10 for IFAD.

There is no significant regional difference in loan disbursement except that Africa has somewhat lagged behind other regions. As explained later in the Report, IFAD is further strengthening its implementation follow-up and supervision activities and streamlining administrative procedures in consultation with cooperating institutions and recipient governments in order to speed up its loan disbursements.

Focus on the Neediest

IFAD continued its efforts in 1988 to address the needs of the poorer groups of the population in least developed countries (LDCs)[1] and low-income food-deficit countries. Under the Regular and Special Programme for Africa, allocation to LDCs increased from 33.5% during 1978-82 to 41.1% in the following period, 1983-88 (Table 8 and Chart 1). As for low-income food-deficit countries, their share under the Regular and Special Programmes was 67.1% during the 1983-88 period, as compared to 71.2% for the previous five-year period. During its 11 years of operations as a whole, IFAD has channelled SDR 1 552.3 million (US$ 1 825.6 million) to 58 low-income food-deficit countries and SDR 827.8 million (US$ 969.9 million) to 35 LDCs.

Apart from IFAD's long standing focus on the LDCs and the low-income food-deficit countries, the Fund has taken increasing interest in addressing the needs of the small island developing countries. In 1988 further progress was made in this direction. Loans were extended to two island countries in the South Pacific (Solomon Islands and Tonga), and one in Africa, (Sao Tome and Principe). IFAD's projects in the South Pacific are designed to increase food security, particularly for the poor people of the outer islands, and to help bring them into the development process.

(1) Forty countries are designated as least developed countries (LDCs) by the United Nations. Of these, 37 are Member States of IFAD. See "Technical Notes" on page 135.

Loan Disbursement by Region and Lending Terms under the Regular Programme, 1978-1988

Table 7
(SDR million)

		Highly Concessional	Intermediate	Ordinary	Total
Africa	(Amt.)	291.5	28.1	0.0	319.6
	(% of effective Commitment)	62.2	32.5	0.0	57.0
Asia	(Amt.)	412.2	117.4	0.0	529.6
	(% of effective Commitment)	70.5	61.9	0.0	68.4
Latin America & the Caribbean	(Amt.)	34.4	83.0	50.4	167.8
	(% of effective Commitment)	70.3	53.7	76.4	62.3
Near East & North Africa	(Amt.)	106.8	60.0	18.4	185.2
	(% of effective Commitment)	63.1	58.2	34.8	56.9
TOTAL		**844.8**	**288.4**	**68.9**	**1202.1**
	(% of effective Commitment)	**66.5**	**54.0**	**55.2**	**62.3**

1988 figures are provisional.

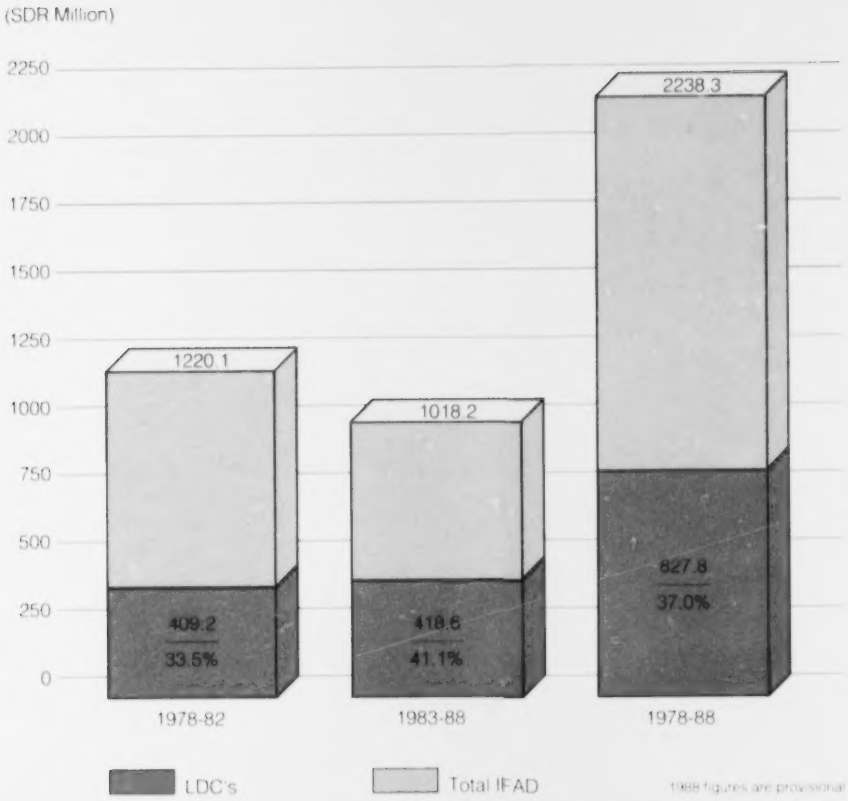


Chart 1
IFAD Loan Operations in LDC's
Regular Programme and SPA

1978-88

Keeping trees healthy. Technical experts play a key role in helping small farmers keep their plants and trees healthy. Here a prescription is being written for avocado trees at the Intibuca-La Paz Rural Development Project in Honduras.

Summary of IFAD Projects in Priority Countries under the Regular Programme and Special Programme for Sub-Saharan Africa, 1978-1988[1]

Table 8
(SDR million)

		1978-82	1983-88	1978-88	Number of Countries In Group[2]	IFAD members	w. IFAD Projects
Sub-Saharan Africa	(Amt.)	326.7 26.8%	495.4 48.7%	822.1 36.7%			
	(No.)	40	67	107	43	43	41
Least-Developed Countries (LDCs)	(Amt.)	409.2 33.5%	418.6 41.1%	827.8 37.0%			
	(No.)	47	61	108	40	37	35
Low-income Food-Deficit Countries	(Amt.)	869.3 71.2%	683.0 67.1%	1552.3 69.4%			
	(No.)	76	91	167	63	60	58
All IFAD Projects	**(Amt.)**	**1220.1 100%**	**1018.2 100%**	**2238.3 100%**			
	(No.)	**111**	**132**	**243**			**91**

1988 figures are provisional.
(1) Some Countries may belong to more than one Group.
(2) Only IFAD Members in Group. A definition of the Groups is given in the Technical Notes on page 135.

Special Programme for Sub-Saharan Africa

IFAD's US$ 300 million Special Progamme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA), launched in 1986, was designed to assist the recovery of smallholder agriculture in the countries struck by drought and famine in 1983-85. It contains both short-term and medium-to-long-term measures aimed at sustained growth in food production and rehabilitation of the agricultural resource base of IFAD's beneficiary groups.

Short-term interventions are planned to rehabilitate the smallholders' production capacity and, where appropriate, to complement on-going structural adjustment programmes. These seek to protect the rural poor against the adverse effects of budgetary cuts affecting rural support services. The objective is to maintain or reinforce credit provision and/or the flow of input supplies for smallholders. Projects of this type have been funded for Guinea-Bissau, Mozambique and Zambia. A study of the impact of structural adjustment on African smallholders and the rural poor financed under the SPA is currently carrying out case studies in Ghana, Kenya, Madagascar, Malawi and Mali.

Long-term interventions focus on environmental and institutional components. Soil and water conservation, small-scale irrigation schemes, agroforestry, improved land-pasture- and livestock-management, applied research and extension are the major elements included in efforts to rehabilitate and enhance the production base of the traditional agricultural sector. These efforts have been complemented by the strengthening of local institutions and the promotion of farmer groups and the informal sector. The long-term programmes have been prepared for Burkina Faso, Ethiopia, Ghana, Guinea, Lesotho, Mali, Mauritania, The Niger, Senegal and The Sudan.

To date, all industrialized Member States but for three exceptions, as well as five developing countries from sub-Saharan Africa, have contributed to the Special Programme, thereby exceeding, as of 31 January 1988, the initial target of US$ 300 million. Subsequent appreciation of the US dollar has reduced the dollar value of these contributions in 1988 to a total of US$ 253 million.

Costs of the Special Programme projects are being supplemented through cofinancing by other agencies and governments, as well as by contributions of the governments concerned and of project beneficiaries.

Since 1986, 16 projects have been approved under the Special Programme at a total cost of US$ 300.3 million. Of this amount, IFAD's share is US$ 176.7 million (US$ 158.2 million from Special Resources for Africa and US$ 18.5 million from IFAD's Regular Resources), cofinanciers have provided US$ 68.4 million and the recipients themselves, US$ 55.2 million (Table 11, page 126). Among external cofinanciers, multilateral donors provided US$ 44.9 million, bilateral donors US$ 22.7 million and NGOs US$ 0.8 million. NGO collaboration has been a positive development under the SPA. All projects are IFAD-initiated and loans have been provided on highly concessional terms. In addition to projects, 29 technical assistance grants have been provided for a total of SDR 8.9 million (US$ 11.8 million). The recipients of loans under the Special Programme for Sub-Saharan Africa in 1986 were Ethiopia, Ghana, Mali, Mauritania and The Sudan; in 1987, Burkina Faso, Guinea-Bissau, Mozambique, The Niger, Uganda and Zambia.

In 1988, five new projects were approved for Guinea, Lesotho, Mali, Senegal and The Sudan for a total amount of SDR 41.7 million (US$ 54.0 million). Of the total project cost of US$ 76.2 million, external cofinanciers provided US$ 6.0 million, recipient countries US$ 16.3 million. Seven projects are now in the pipeline for Angola, Djibouti, The Gambia, Kenya, Somalia, Tanzania and Zimbabwe. These will be submitted for approval by the Executive Board during 1989, thereby committing the bulk of the resources of the SPA by end of that year. The essential features of projects approved in 1988 are described below in the section on Regional Operations in Africa and (for the Sudan project) in the section on the Near East and North Africa.

Other Special Programmes and Arrangements

IFAD's approach to rural development is also reflected in other special programmes and arrangements undertaken by the Fund in recent years. IFAD has found that both governmental and non-governmental development organizations with a profound interest in poverty alleviation are ready and willing to enter into a special relationship with a fund whose explicit beneficiaries are the rural poor.

The Belgium Survival Fund

Cooperation with the Belgium Survival Fund (BSF), which anticipated the Special Programme for Sub-Saharan Africa, began implementation in 1984 with one project scheduled for each of four selected countries in Africa: Ethiopia, Kenya, Somalia and Uganda. Based on the Survival Fund for the Third World established in 1983 by the Belgian Parliament to help assist people most directly threatened by hunger, malnutrition and under-development, the IFAD/WHO/UNICEF/UNDP/BSF Joint Programme,[1] with IFAD serving as focal point, is focusing its attention on the countries in the horn of Africa (Ethiopia, Kenya, Somalia and Uganda).

(1) The Joint Programme included participation by the World Health Organization (WHO), the United Nations Children's Fund (UNICEF) and the United Nations Development Programme (UNDP), as well as IFAD.

The Joint Programme immediately undertook preparations for a Rehabilitation Programme in drought- and famine-afflicted Ethiopia. By the first half of 1985, a massive and timely supply of 600 000 agricultural tools, 2 100 tons of teff seed (the traditional staple crop) and 10 000 tons of fertilizers began reaching 500 000 peasants threatened by famine. The speed and effectiveness of this intervention is credited with saving two million people from starvation by augmenting the harvest at a cost of US$ 4 million which compares favourably with the result of the efforts by the United Nations Office of Emergency Operations in Africa.

During 1988, proceeds from the sale of handtools continued to finance an emergency oxen lending programme, providing 6 000 oxen to farmers with inadequate draft power. More than 5 000 Ventilated-Improved Pit latrines have been installed, 112 springs rehabilitated, and 45 shallow wells installed. A vaccination campaign led by UNICEF/WHO has begun reaching 200 000 people, and 200 primary health care assistants have been trained to operate village health centres. Conservation measures include the construction of 20 km of soil bunds, 26 km of stone bunds, plus two small-scale irrigation schemes and a water pond built through complementing Food-For-Work (FFW) activities under the World Food Programme (WFP).

Mothers take their children to a medical check-up in Ethiopia as part of the BSF-IFAD programme.

A second BSF project approved in 1984 for Kenya focuses on strengthening the country's capacity to respond effectively to initiatives generated by the farmers' groups themselves. It is also one of the first operations undertaken in the framework of Kenya's "district focus policy" which aims at decentralizing planning and project management. Two hundred farmers' groups, averaging 20 families per group, and mainly composed of women, have so far benefited from extension, credit and other services under the project, while replication is underway for an expanded programme covering two or three additional districts.

Two BSF projects in Somalia have focused on the integrated rural development of two extremely poor areas by addressing the expertise of each of the Joint Programme's participants to the basic needs of very poor farmers. Components include group organization for irrigation, rehabilitation, the establishment of demonstration farms, improvement of village health services and drinking water supplies and income-generating activities for women. Being low-cost and relying heavily on a high degree of community participation, these basic needs programmes aim to be sustained by local institutions and replicated in other parts of the country.

Financial commitments from the Belgian Government for the Joint Programme are US$ 64.5 million. The first four projects under this Joint Programme have secured financing totalling US$ 28.2 million. In addition, BSF funds in the amount of US$ 32.3 million have been contributed to IFAD's Special Programme for Sub-Saharan Africa, making Belgium the leading donor to that operation.

IFAD/NGO Extended Cooperation Programme (ECP)

Given their affinity of purpose and approach, IFAD and NGOs have been developing over the years a close and fruitful partnership. This partnership is animated by a shared concern to promote development approaches at the country level which enhance self-reliance and poverty alleviation through a participatory process. IFAD collaborates with NGOs both in the design and implementation of its projects. The NGOs' intimate knowledge of the life conditions and the environment of IFAD's intended beneficiaries can greatly enhance the appropriateness of project design so that it reflects the real needs of the people. In terms of implementation, NGOs have helped promote people's participation through the establishment or strengthening of local grassroots organizations. This, in turn, has been instrumental in fostering women's involvement in the development process. It has also been helpful in generating off-farm employment opportunities for the rural poor. NGOs have been involved in the distribution of inputs and credit as well as in extension and training. They have also been active in a variety of social development efforts, including basic literacy, child care, health and nutrition. So far, more than 40 of IFAD's projects involve direct cooperation with NGOs.

In addition, the Fund is also interested in enhancing the ability of governments to work with NGOs so as to maximize the effectiveness of both to reach the poor. To that end, and in the context of its 1985 Rehabilitation Programme for Ethiopia, IFAD has supported the creation of an NGO Liaison Unit in the Ministry of Agriculture (MOA). The objective of this Unit will be to facilitate cooperation between MOA and NGOs interested in funding development activities at the grassroots level.

This cooperation will primarily consist of: (i) training of MOA staff in participatory development approach; and (ii) coordination and liaison with staff of the technical departments of MOA and other Ministries. This will include mobilizing specialist advice for the planning and implementation of NGO-funded projects, facilitating contacts between NGOs and MOA field staff and promoting integrated development at the community level through Service Cooperatives and farmer associations.

In 1987, in order to further strengthen and deepen IFAD's collaboration with NGOs, the Fund's Executive Board approved the establishment of an NGO/ECP designed to support pilot and innovative activities with a potential for replication and as a ground breaker for future investment by IFAD and other donors. The most important feature of the ECP is that it permits a direct functional link between IFAD and NGOs with the consent of the host government. Up to US$ 350 000 a year has been authorized for IFAD's contributions under this Programme. The expectation was and continues to be that bilateral donors who believe in the role of NGOs in stimulating rural grassroots participation will match this contribution.

During 1988, agreement was reached under the ECP with SOS Sahel Britain for the implementation of a community forestry project under two ongoing IFAD-financed rehabilitation projects in northern Sudan. SOS Sahel Britain is an NGO which promotes community-based environment projects making long-term contributions to community food security. The community forestry project in The Sudan seeks to transfer the successful shelter belt management techniques developed by SOS Sahel International. It also aims to build tree nurseries and to mobilize villages to participate in forestry and anti-desertification activities.

The total cost of the community forestry project is estimated at US$ 650 000, of which SOS Sahel will contribute US$ 371 880; the Government of The Sudan, using IFAD loan proceeds, US$ 236 353 in local costs; and IFAD a grant of US$ 38 000 under the ECP. The IFAD grant will finance the first-year cost of the SOS Sahel Fore... Team and consultancy services for the monitoring and evaluation of the project.

Other initiatives under the Programme will be undertaken in Cameroon, Kenya, Mali and Mozambique. Under the Kidal Food and Income Security Programme in Mali, World Vision International will help introduce a set of agro-pastoral practices which will integrate the cultivation of recession sorghum with pastoral activities. Within the context of the Second Agricultural Rehabilitation Project in Mozambique, AFRICARE will collaborate in the implementation of a small-scale pilot project focusing primarily on institution building. This project will also entrust AFRICARE with the testing of extension activities, the participation of farmer groups in marketing and input distribution as well as the introduction of animal draught cultivation practices.

Under the Kwale Kilifi Area Development Project in Kenya, IFAD will collaborate with the Kenya Women's Finance Trust (KWFT). This NGO is an affiliate of Women's World Banking, an international institution formed after the 1975 UN Decade for Women Conference in Mexico to provide women with credit and technical assistance. IFAD's collaboration with KWFT aims at two objectives. First, it will stimulate KWFT operations in rural areas for women's agricultural production activities by initiating KWFT training in two districts and linking it to the agricultural and technical services provided under the project. Second, it will strengthen KWFT management capabilities to extend its services to the most disadvantaged women.

In Cameroon, one or more NGOs are expected to become involved in the implementation of the institution-building component of the Livestock Sector Development Project. Specifically, they will be responsible for the staffing and operation of a producer organization unit in the Extreme North Province. Additional NGO services will be sought for the establishment of a credit line to grassroots producers' organizations in 11 pilot land management areas throughout the country.

Similar initiatives are also in the pipeline for future implementation in India and Zambia.

IFAD promotes traditional handicrafts and cottage industries. Here a woman at the Cuzco-Arequipa Highlands Development Project in Peru displays her handweaving.

Special Programme for Women in Development

Special funding designed to enhance IFAD's technical capacity to meet the challenges posed by the plight of poor rural women and the effort to integrate them into the development process was also forthcoming through special contributions by three donors in 1988.

The contributions will help IFAD sharpen the positive bias in its approach to the problems of rural women, enlisting them as creative partners in its rural development endeavours.

The special contributions already pledged will be used (i) to recruit a highly qualified Advisor on Gender Issues to the Fund; (ii) to finance additional consultancies in support of missions and field work and the activities of an advisory panel of eminent persons on women-in-development issues; (iii) to finance specific studies and pilot activities; and (iv) to finance staff training and publications in this field.

The Fund has proposed a two-year budget for these special activities, towards the cost of which special contributions have so far been pledged by Switzerland (US$ 300 000), Norway (US$ 200 000) and the United States (US$ 85 000).

Special Arrangements for Supplementary Funding

Under previously negotiated arrangements approved by the Executive Board, the governments of Italy, The Netherlands and Norway have also entered into special funding arrangements with IFAD in recent years. The largest of these to date are the participatory agreements with The Netherlands for the financing of IFAD-initiated projects which have already been approved and toward which The Netherlands Government has contributed US$ 25.7 million for the full or partial reimbursement of IFAD investments in 13 projects. A further US$ 2.6 million has been provided by The Netherlands to pay for a portion of the local counterpart funds required in three ongoing IFAD-financed projects in Egypt, Madagascar and Peru. Also, The Netherlands has provided approximately US$ 1 million under an arrangement for the financing of various studies and short-term technical assistance activities.

At a time when various plans of debt relief are being considered, The Netherlands' initiative of project loan reimbursement has introduced an attractive mode of debt relief for IFAD beneficiaries without calling into question the basic tenets which underlie the Fund's activities as a multilateral financial institution. This scheme of debt relief through IFAD permits the donors to adjust within a given financial year the amount of relief to the available unallocated development assistance. Such donor effort can also be related through typically focused IFAD projects to the poor populations in specific areas of selected countries while at the same time permitting the Fund also to provide incremental fresh money to these countries. Interested donors may view this as an inspiring example in dealing with situations in countries of Asia, Africa, Latin America and the Caribbean affected by heavy external debt and/or natural calamities such as floods, drought, cyclones and earthquakes.

Under a participatory agreement with Norway, the Government has contributed US$ 4 million to an IFAD-initiated project, while the Italian Government has provided US$ 1.3 million in support of a special IFAD/Inter Press Service programme on agricultural technolgy information exchange and dissemination in Latin America and the Caribbean.

Resource Mobilization

IFAD attaches great importance to the mobilization of additional resources from other external donors for investment in IFAD-type projects through cofinancing arrangements. Such arrangements not only call wider attention to the needs of the rural poor, but augment the flow of external resources in their favour.

During 1988, cofinancing for 13 projects approved under the Regular Programme totalled US$ 78.8 million (Table 9), with an additional US$ 6.0 million in cofinancing under two projects financed by the Special Programme for Sub-Saharan Africa (Table 11, page 126). This brought total external cofinancing (bilateral and multilateral) during 1978-88 to US$ 3 452.0 million for 169 projects under the Regular Programme (Table 9) and US$ 68.4 million[1] for 10 projects under the Special Programme for Sub-Saharan Africa (Table 11). The 11-year total is US$ 3 516.9 million in cofinancing from external sources (Table 12, page 126).

At 31 December 1988, the project costs of IFAD's total loan portfolio, under both the Regular Programme and Special Programme for Sub-Saharan Africa, amounted to US$ 10 420.4 million. Of this amount, IFAD contributed US$ 2 657.7 million (25.5% of the total), while other external donors contributed US$ 3 516.9 million (33.7%) and the recipient countries themselves US$ 4 245.7 million (40.7%) (Table 12 and Chart 2).

(1) Includes one project (US$ 3.5 million) for Zambia in 1987, financed in parallel under the Regular Programme.

Cofinancing of IFAD-initiated Projects

During the 11 years of its operations, the Fund has been initiating a growing number of the projects approved each year. As indicated earlier, during 1988, 22 of the 23 projects approved were IFAD-initiated, or 95.6%. Fourteen of these IFAD-initiated projects (63.6%) received cofinancing in 1988, an improvement over the 1978-88 period (57.8%). IFAD's contribution to these 14 projects was US$ 126.3 million, external cofinanciers' US$ 46.7 million. This brought the total of cofinancing for IFAD-initiated projects to US$ 732.3 million over the 1978-88 period under the Regular Programme and the Special Programme for Sub-Saharan Africa. In addition, IFAD contributed US$ 945.8 million towards the total external financing of US$ 2 784.6 million for projects selected from the pipelines of other donors during the same period (Table 12). In 1988, 55.1% of total cofinancing under the Fund's approved projects was allocated to IFAD-initiated projects, compared to 20.8% thus allocated during the 1978-88 period as a whole.

Cofinancing by Bilateral and Multilateral Donors

During 1988, IFAD joined 18 external donors in the financing of 15 projects out of 23 approved, bringing the total for the 11-year period to 45 external donors for 178 of the 243 projects (Table 12). Of the 18 cofinanciers in 1988, ten were multilateral, seven bilateral and one NGO. Altogether, 207 multilateral and 76 bilateral cofinancing arrangements have been agreed since 1978. In addition, six NGOs have provided US$ 3.8 million in cofinancing over the same period.

Summary of IFAD Projects under the Regular Programme by Cofinancing and Initiating Institution, 1978-1988

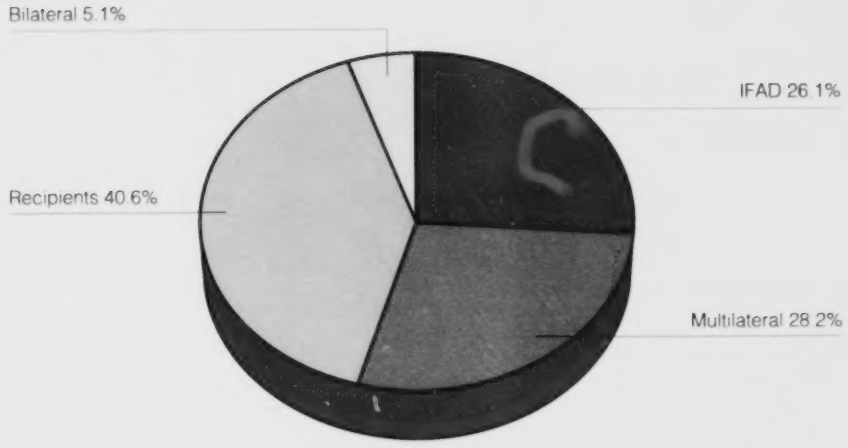
Table 9
(US$ million)

Initiating Institution	Financing Plan	1978-82 Amt.	1978-82 %	1983-87 Amt.	1983-87 %	1988 Amt.	1988 %	1978-88 Amt.	1978-88 %
Cooperating Institution Initiated Projects	IFAD	671.9	16	263.1	10	10.8	20	945.8	14
	Cofinance	1741.7	42	1004.8	40	38.1	69	2784.6	41
	Domestic	1755.6	42	1269.2	50	6.3	11	3031.0	45
	Total	**4169.1**	**100**	**2537.1**	**100**	**55.2**	**100**	**6761.4**	**100**
	No.	57		31		1		89	
IFAD-initiated & Cofinanced Projects	IFAD	207.7	42	435.8	34	105.8	53	749.2	38
	Cofinance	158.3	32	468.4	37	40.7	20	667.4	34
	Domestic	129.9	26	371.5	29	54.2	27	555.6	28
	Total	**495.8**	**100**	**1275.8**	**100**	**200.6**	**100**	**1972.2**	**100**
	No.	19		49		12		80	
IFAD-initiated & Exclusively Financed Projects	IFAD	604.7	59	153.3	54	60.8	53	818.8	57
	Domestic	423.4	41	132.0	46	54.7	47	610.1	43
	Total	**1028.1**	**100**	**285.3**	**100**	**115.5**	**100**	**1428.9**	**100**
	No.	35		20		5		60	
All Projects	IFAD	1484.2	26	852.2	21	177.4	48	2513.8	25
	Cofinance	1900.0	33	1473.2	36	78.8	21	3452.0	34
	Domestic	2308.8	41	1772.7	43	115.2	31	4196.7	41
	TOTAL	**5693.0**	**100**	**4098.1**	**100**	**371.3**	**100**	**10162.5** [1]	**100**
	No.	**111**		**100**		**18**		**229**	

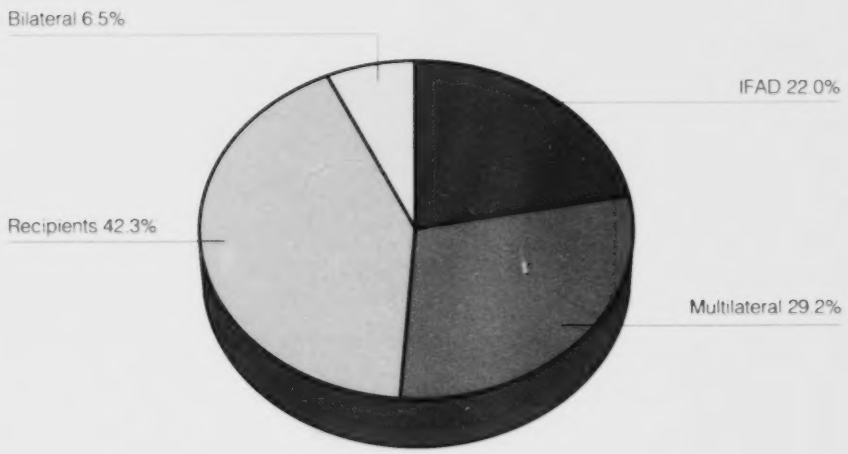
1988 figures are provisional.
(1) Includes US$ 5.2 million and US$ 9.0 million from the Special Resources for sub-Saharan Africa which partly financed two projects in Ghana and Zambia respectively.

Chart 2
Financing of Total Project Cost 1978-88
Regular Programme and SPA

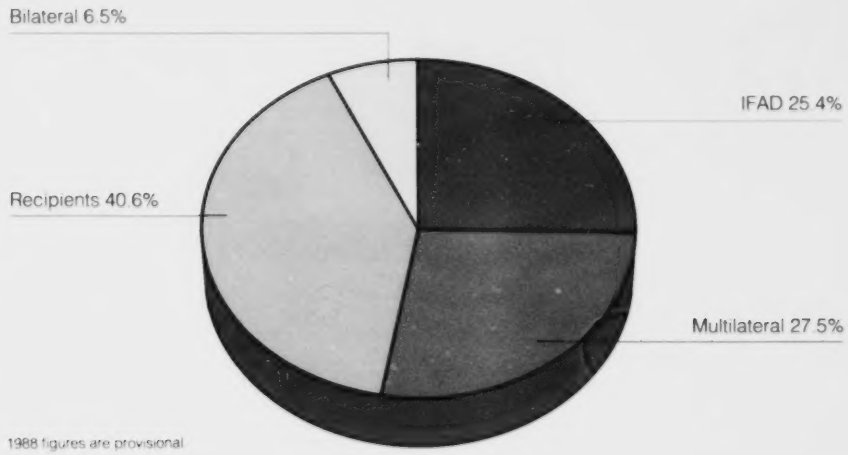
1978-82



1983-87



1978-88



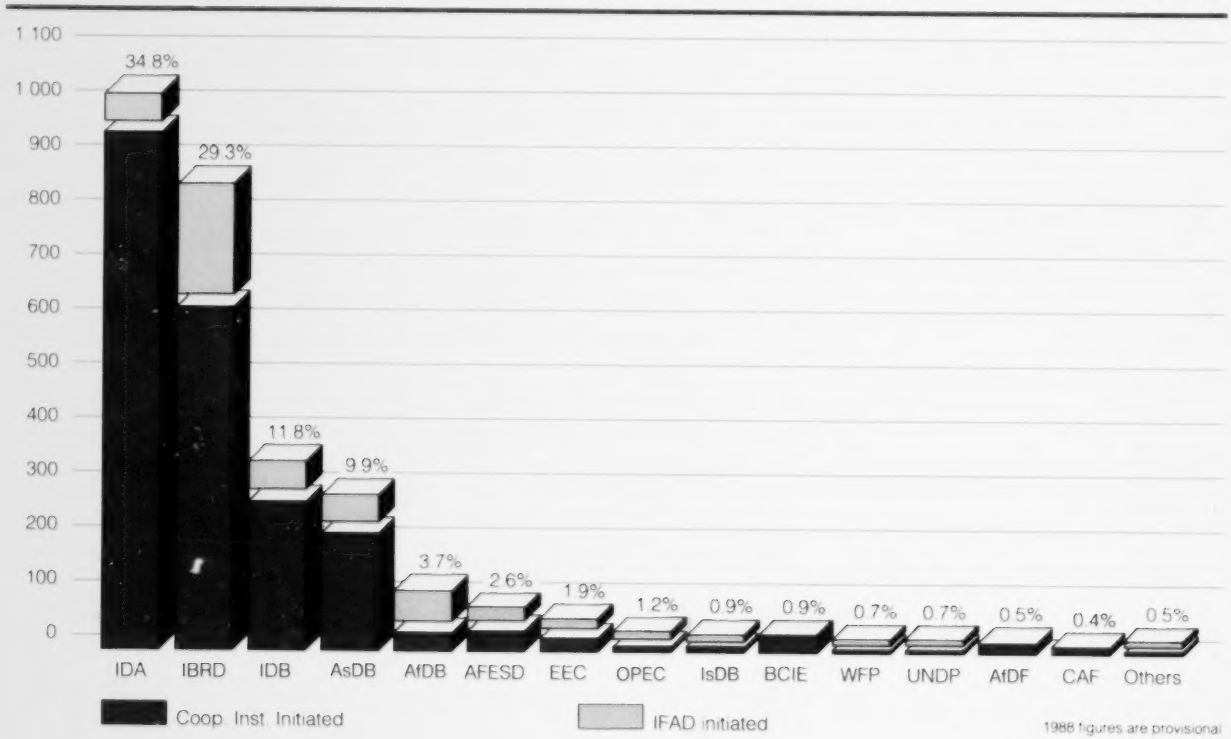
1988 figures are provisional

Among multilateral institutions, a broad cross-section including the African Development Fund (AfDF), the Central American Bank for Economic Integration (BCIE), the European Economic Community (EEC), Inter-American Development Bank (IDB), Islamic Development Bank (IsDB), the United Nations Capital Development Fund (UNCDF), UNDP, UNICEF, the World Bank and WFP acted as cofinanciers in 1988. For the period going back to 1978, The World Bank/International Development Association (IDA) contributed 64.1% of total multilateral cofinancing, IDB 11.8% and the Asian Development Bank (AsDB) 9.9%, with other multilaterals sharing the remainder (Chart 3). Also in 1988 one NGO - Agency for Cooperation and Research in Development (ACORD) - provided cofinancing in the amount of US$ 0.25 million. For IFAD-initiated projects, the World Bank/IDA is the leading cofinancier with 45.0% of total cofinancing over 1978-88 followed by the AfDB (9.3%), the AsDB (8.4%), the IDB (7.1%) and the OPEC Fund (5.2%) (Chart 4). Other cofinanciers are BCIE (4.1%), the Arab Fund for Economic and Social Development (AFESD) (3.3%), the IsDB (3.3%), the WFP (2.7%) and the EEC (2.6%).

IFAD's growing collaboration with WFP has further expanded in 1988 with two additional projects cofinanced, bringing the total number of cofinancing arrangements to 19. In addition, there are 10 joint projects in the pipeline.

During 1988, bilateral donors provided 13.3% of cofinancing under the projects approved, compared to their average of 16.6% in the 1978-88 period. Ranked according to size of contribution, bilateral cofinanciers in 1988 were Denmark (US$ 3.13 million), Canada (US$ 2.5 million), Finland US$ 2.5 million), France (US$ 1.6 million), The Netherlands (US$ 1.0 million), Australia (US$ 0.50 million) and New Zealand (US$ 0.015 million). Historically, the Federal Republic of Germany has been the Fund's most important bilateral cofinancier, with US$ 133.5 million (22.9%) in cofinancing during 1978-88, followed by France (US$ 77.2 million or 13.2%), Kuwait (US$ 52.7 million or 9.0%), Saudi Arabia (US$ 49.4 million or 8.5%) and the United Arab Emirates (US$ 49.3 million or 8.5%) (Chart 5). The Federal Republic of Germany has also been the leading cofinancier of IFAD-initiated projects with 36.7% followed by Denmark (16.1%), France (9.0%), The Netherlands (8.4%), Belgium (6.1%), Norway (6.1%), Sweden (6.1%), United States (3.3%), Finland (3.1%), Canada (2.2%), Australia (2.2%) and Venezuela (0.6%) (Chart 6).

Multilateral Cofinancing by Donor Regular Programme and SPA 1978-88 (US$ Million) Chart 3



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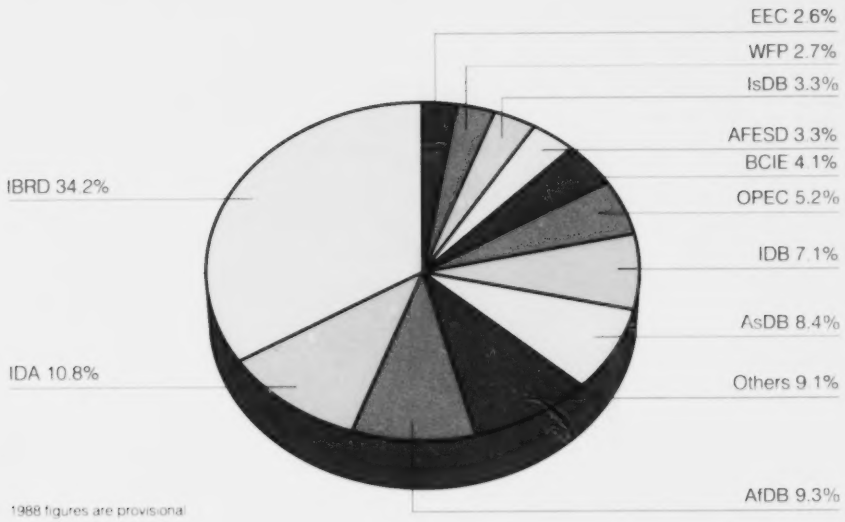


1988 figures are provisional

Chart 4
Multilateral Cofinancing by Donor
for IFAD-Initiated Projects
Regular Programme and SPA

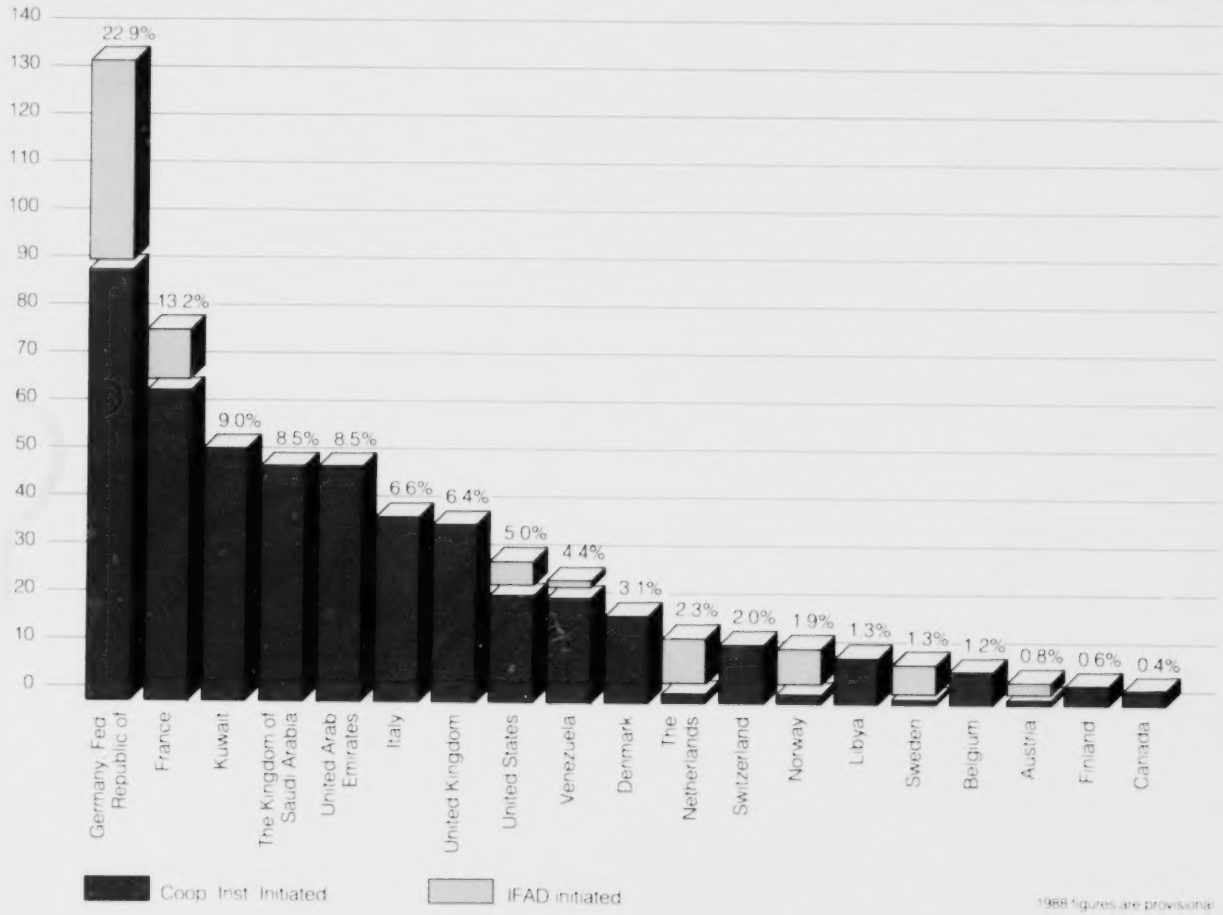
1978-88

Reaping the harvest in Bhutan.

As indicated above, by the end of 1988 various special programmes and arrangements were complementing resource mobilization in a significant way. The BSF, the NGO/ECP, special bilateral contributions for women in development and other supplementary funding by the Governments of Italy, The Netherlands and Norway had drawn contributions totalling about US$ 50 million, with prospects for further growth and diversification as IFAD's Governing Bodies may so decide. For example, the International Consultation on Environment, Sustainable Development and the Role of Small Farmers, sponsored by IFAD in October 1988, recommended that the establishment of a revolving sustainable agricultural development facility be examined as a means by which supplementary financing could focus on natural resource conservation in relation to poverty alleviation and rehabilitation in line with IFAD's mandate for the rural poor.

In addition to obtaining cofinancing for project loans, IFAD has also mobilized additional resources for its technical assistance grants. In 1988, three IFAD technical assistance grants for US$ 2.1 million have mobilized US$ 8.1 million in cofinancing. To date, over the 11-year period, seven technical assistance grants from IFAD for US$ 4.9 million have mobilized almost four times that amount, US$ 19.8 million, from ten cofinanciers.

Bilateral Cofinancing by Donor Regular Programme and SPA 1978-88 (US$ Million) Chart 5



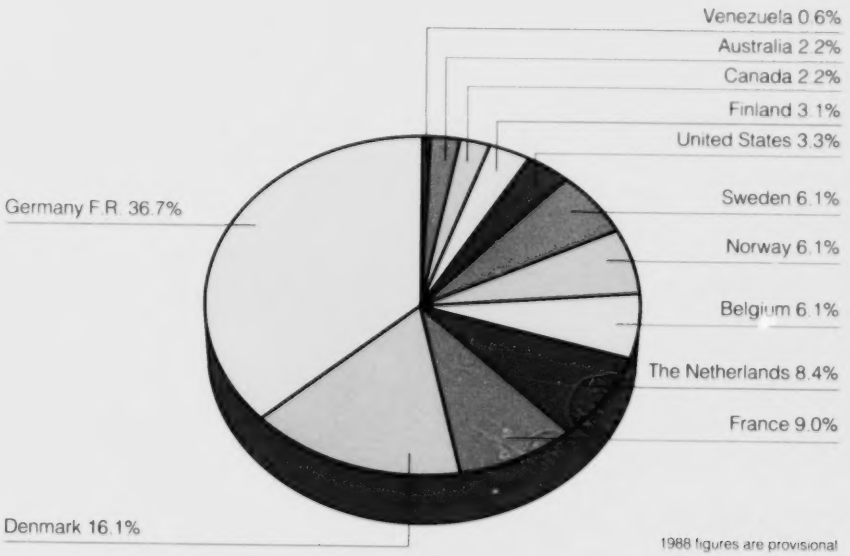
1988 figures are provisional

Chart 6

Bilateral Cofinancing by Donor

for IFAD-Initiated Projects
Regular Programme and SPA

1978-88



1988 figures are provisional

Investment Priorities

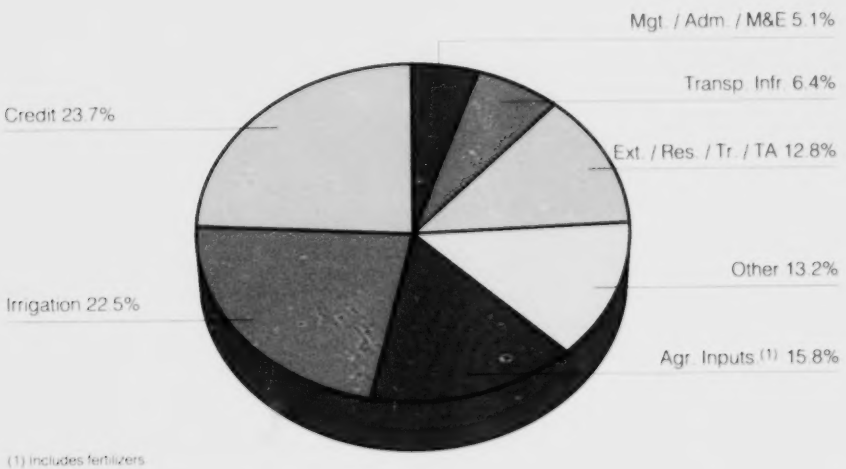
Tables 13 and 14 (pages 127-128) and Chart 7 show the distribution of investments by sector and by component in IFAD projects under the Regular Programme and the Special Programme for Sub-Saharan Africa. This distribution reflects the Fund's priorities, which continue to evolve as a result of the Fund's growing operational experience.

IFAD's first decade provided the institution with a wealth of insights into designing and carrying out cost-effective projects to increase food production and alleviate poverty. IFAD's Tenth Annual Report last year analysed the implications of this experience and the sectors that emerged as meriting the highest priority. These include small-scale irrigation and environmental protection, livestock and fisheries development, off-farm activities, human resources development, women in development, strategies for grassroots investment and applied research for traditional crop development. In 1988, IFAD has strengthened its support for most of these priority areas, although more remains to be done in certain fields.

The allocation for credit in IFAD projects under the Regular and Special Programmes has risen strongly this year, to over 40% of the total financing approved, as against an 11-year average of 26.5%. Credit in IFAD projects is used to support crop intensification and diversification, livestock and fisheries development, as well as - increasingly - to encourage off-farm income-generating activities. In fact, the latter, in view of the serious and growing problem of assuring "entitlement" to food for the landless, women and other groups with inadequate access to land, is likely to be an increasing concern for the Fund in the coming years. IFAD is taking a pioneering role in the development of rural-based micro-enterprises. Nine of IFAD's initiatives have mobilized US$ 51.5 million in cofinancing from twelve external donors.

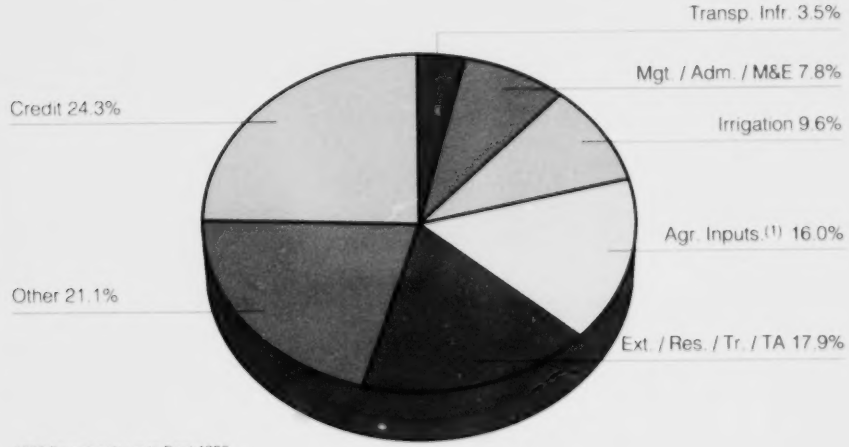
Chart 7
IFAD's Investment by Component 1978-88
Regular Programme and SPA

1978-82



(1) Includes fertilizers

1983-88



1988 figures only up to Sept. 1988
(1) Includes fertilizers

"Fish mammies" in Nigeria selling their smoked fish. IFAD is providing credit for improved fish processing and storage equipment.

In 1988, IFAD-supported credit activities have been increasingly characterized by an effort to take banking services to areas which had never had access to them before. In this process the Fund has made use of existing traditional institutions or helped to build up new institutions. As a result of these IFAD-supported interventions, the distant fishermen groups in the Mangroves of Nigeria will have access to formal credit for the first time, as will the poor peasants, fishermen and the landless in Northeastern Argentina, in the districts of Kandy and Puttalami in Sri Lanka, in Sucre Province of Venezuela and in the outer islands of Tonga. The outreach capacity of existing credit institutions in these countries will be strengthened to achieve this objective. In Guinea, Solomon Islands and The Sudan, people's institutions - such as cooperatives, credit unions and village development funds - will be strengthened to facilitate credit delivery and savings mobilization, thereby highlighting the self-sustaining nature of such initiatives.

In all cases, the important link between credit and savings mobilization has also been strengthened. The Credit Unions in the Solomon Islands, for example, constitute a self-administered village level banking system. Through them, communities, on their own initiative, save and use their savings according to their needs primarily for provident purposes such as family needs, school fees, etc. IFAD, by channelling new credit to the Unions, will amplify their potential to mobilize both savings and investments and will orient their activities towards more productive investments. In The Sudan, savings are mobilized by giving the grassroots credit cooperatives a commission of about 2% on the service charge to start their own savings accounts/re.olving funds.

Another aspect of credit delivery which has been stressed in 1988 is the effective targeting of credit beneficiaries. Eligibility criteria have been further refined. The ceilings of landholding size, income and amounts of loans have been lowered to make sure that the neediest of the people can get access to credit.

Livestock and fisheries activities are also showing dynamic growth in terms of resource allocation in projects where such activities are dominant (more than 50%), and in others, in which they form important components. Three projects for Cameroon, China and Pakistan have dominant livestock activities while projects for Algeria/Tunisia, Argentina, Bhutan, Burundi, Guinea, Mali, Sri Lanka and Yemen, PDR, introduce support for livestock and small ruminants as important supplementary activities.

Similarly, in Bangladesh and Nigeria, two projects focus primarily on fishermen, while important allocations are made for their support in the Solomon Islands, Tonga and Venezuela. Both livestock and fisheries sectors have proved particularly effective in providing nutrition and income to the landless and women, as well as nomads, agro-pastoralists and artisanal fishermen. Moreover, these are sources of high quality protein, the lack of which is often a recurring deficiency in the diets of the poor. In 1988, five projects with dominant livestock and fisheries activities received 22.6% of the total lending - almost two-and-a-half times the 11-year average of 9.3%. If support in other projects which have livestock and fisheries as subsidiary activities is taken into account, then the allocation for the two sectors goes up to more than 50%. These areas will receive high priority in IFAD's Second Decade.

IFAD's growing emphasis on environmental issues is shown by the fact that virtually all the projects approved in 1988 gave careful attention to environmental impact and resource conservation issues. In addition to allocation for land improvement, support for resource conservation and environmental protection was provided for investments in small-scale irrigation and water harvesting, extension, research, training, cooperatives and institutional support. These elements are taken into account in six loans (for Algeria, Guinea, Lesotho, Mali, Senegal and Tunisia) accounting for 30% of 1988 lending. They are extensively conservation-oriented. By adding in separately the identifiable environmental component in other projects approved in 1988, allocations with a conservation orientation rise to over 50%.

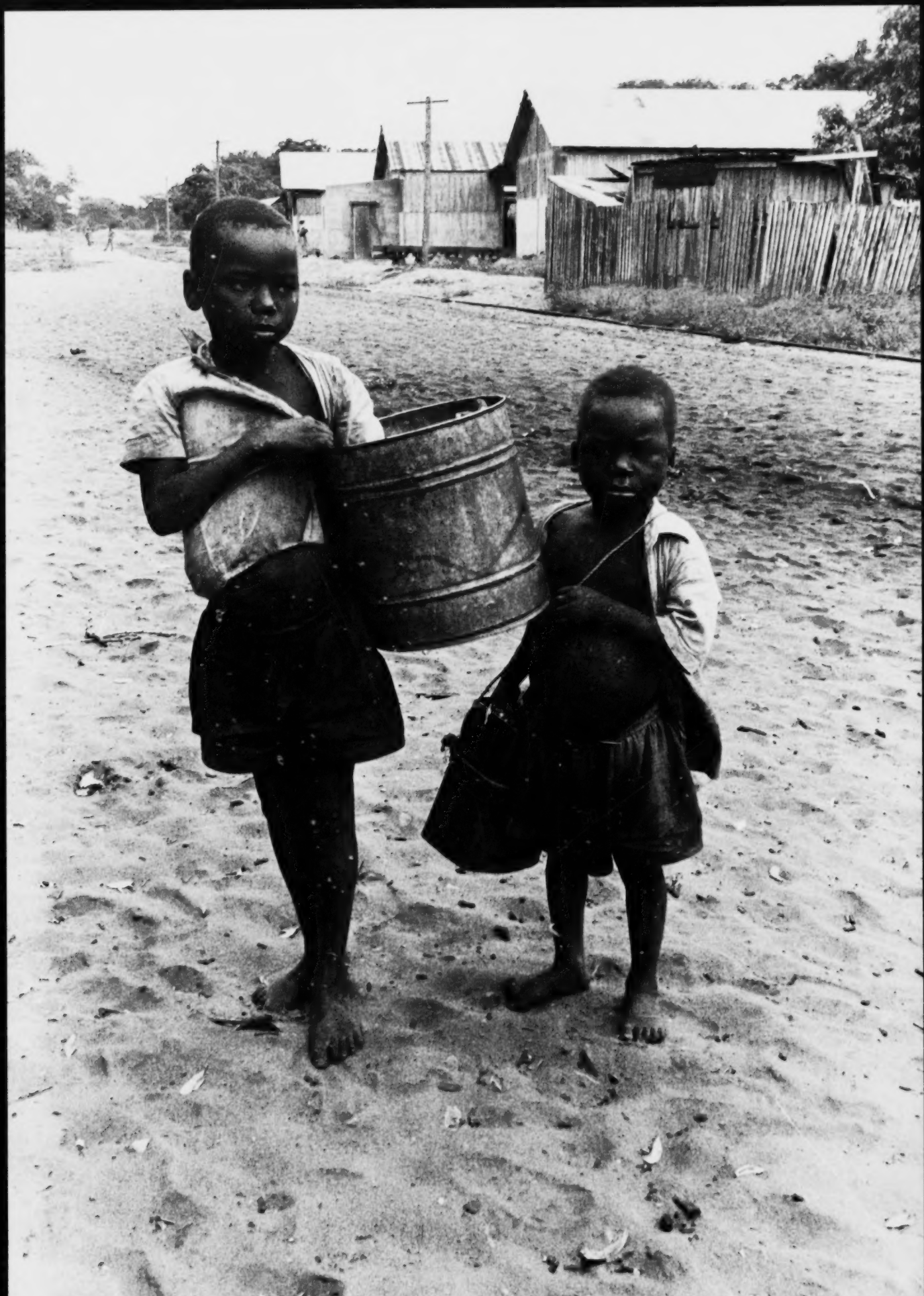
Recognizing that investments in longer-term activities cannot survive without effective grassroots participation, the allocation for cooperatives and institution building has also been increased fourfold in 1988, to 13.9% compared to 3.5% for the 1978-88 average. People's participation is an important element in all of the projects approved in 1988 but is critical to the attainment of project objectives in loans to Bangladesh, Bhutan, Burundi, Guinea, Lesotho, Madagascar, Mali, Nigeria, Pakistan, Solomon Islands, Sri Lanka, The Sudan and Yemen, PDR.

Allocation for Women in Development, another priority area, is also increasing. Women form an explicit target group in all recent IFAD projects. Thus many components - e.g., credit, research and extension and small ruminants development, among others - are carefully designed to benefit women to the maximum extent. About 23% of funding in 1988 shows a clearly delineated orientation of project components toward women. As is the case of the emphasis on the environment, all 1988 projects have an explicit or clearly delineated focus on women.

Extension/Research/Training/Technical Assistance comprise another area which the Fund has identified as deserving increased emphasis. This sector received financing in 1988 of 14.9%, slightly below the 11-year average of 15.2%. The apparent decline is actually due to a reduction in the cost of these activities, achieved by moving away from capital and recurrent-cost intensive systems of the past, including the training and visit (T&V) system as practiced in many areas. These systems failed to take advantage of traditional local knowledge and of the potential of interactive, participatory farm-based research and extension/training systems. Such a participation approach has been introduced in 1988 in projects for Bhutan, Burundi, Guinea, Lesotho, Madagascar, Nigeria, Venezuela and Yemen, PDR. This collective approach to Extension/Research/Training Assistance should show an increasing trend in allocations in the coming years.

Irrigation - a very large component in IFAD's early projects - has declined in allocations as IFAD's emphasis has shifted from large-scale to small-scale irrigation and improved techniques of water harvesting. In 1988 the share of irrigation at 5.1% was well below the 1978-88 average of 17.4%. Small-scale irrigation, however, in conjunction with water conservation, is an important though less costly component of an increasing number of IFAD projects, particularly those dealing with the problem of smallholder cultivation under dryland conditions. Several projects approved in 1988 featured innovative water-harvesting techniques such as those in Lesotho, Mali and Yemen, PDR.

Another sector which has shown a sharp fall in allocations in 1988 is agricultural inputs, receiving only 3.7% of IFAD resources as compared to 15.0% during 1978-88. Two factors are mainly responsible. First, significant part of the sharp increase in credit provided in IFAD projects is being used for purchase of agricultural inputs. Thus, what in the past might have been considered a purely "input component" has been subsumed in the more self-reliant credit component. Second, projects under the Special Programme for Sub-Saharan Africa often have a significant rehabilitation/input component. This has enabled Regular Programme resources to be used to a greater extent to address the underlying constraints that limit the productivity of smallholder farmers, rather than financing current input needs.



REGIONAL OPERATIONS

IFAD's operations in 1988 were carried out in a setting of growing food insecurity, undernutrition and poverty in many of the world's developing countries.

According to FAO, world cereal production in 1988 was 4% lower than the previous year. For the first time in over 40 years, production will have declined for two years in succession. As for cereal stocks over 1988-89, they will reach the largest drawdown on record. Meanwhile, a simultaneous 3 million tons decline in food aid to 9.4 million tons marks the lowest level reached since 1982-83, which is below the minimum annual target of 10 million tons.

Against this background, the number of people threatened by food insecurity is rising. About half of these live in Asia - mostly India, China and Bangladesh - and a third in sub-Saharan Africa. The balance is almost equally distributed in the Near East and North Africa on the one hand and Latin America and the Caribbean on the other. Even oil exporting countries are not immune to food insecurity. In Africa, for example, Nigeria comes second only to Ethiopia with 13.7 million of its people (17%) threatened with food insecurity. The same is true for 4.1 million (22%) of Algeria's population.

The countries of the Near East and North Africa have to import 40% of their food. An estimated 85 million people in the region continue to suffer from poverty and malnutrition. In Latin America and the Caribbean, food production has continued its long-term declining trend. Localized problems of food insecurity have deepened, especially in the physically isolated poor communities of the Andes. In Asia, the problem of food security is one of access and entitlement by a vast number of landless and marginal groups.

Not surprisingly, the number of chronically undernourished people is also on the rise. It is estimated that by the year 2000, the chronologically undernourished will number about 532 million people, while the number of the absolute poor threatened by hunger will exceed 1 billion. Even today, infant mortality statistics suggest that 13 to 18 million hunger related deaths occur per year in the world - 35 000 deaths per day.

AFRICA'S SMALLHOLDERS: PUSHED TO THE EDGE OF SURVIVAL

During 1988, IFAD's lending operations and technical assistance grants to the Africa region continued to be strongly motivated by the persistent and unyielding socio-economic crisis facing most African countries. While recent international attention has tended to focus on the means for improving the region's macro-economic performance and alleviating growing indebtedness, other indicators give rise to alarm with respect to the continuing plight of the smallholder sector and the rural poor.

In the agricultural sector, production expanded modestly in 1986 and then dropped again in 1987, despite the agricultural policy reforms adopted by many African countries. The setback was much greater for cereals with a fall of over 9% in per capita cereal production in 1987, due to drought conditions and crop damage by pests in parts of the continent. In 1988, total cereal production for the region as a whole was generally more favourable, although there were a number of exceptions in several countries. Moreover, cereal import requirements for 1988 were estimated to have reached over 9 million tons, equivalent to approximately one-fifth of domestic African cereal production. Of these imports, roughly half was met by commercial imports and the other half by food aid.

These wide variations in food production statistics suggest the continuing vulnerability of African agriculture - and particularly food produced by smallholders - to adverse weather conditions, infestations by insect pests, and the tragic disruptions of war and civil strife. The swarms of desert locusts hitting Africa and spreading eastward to the Red Sea and then westward to the Caribbean may have resulted in crop losses as high as one million tons. A less-publicized but still critical problem has been the difficulty in shipping food from food-surplus to food-deficit areas, whether locally within countries or for export to neighboring countries. The major cause has been the further breakdown of the already inadequate infrastructure and transport facilities.

Rising Levels of Poverty and Malnutrition

Data on the spread of absolute poverty in rural areas tend to lag behind in most African countries by two or three years. But observations from projects and other missions carried out by IFAD indicate that the gradual deterioration in calory supply as a percentage of minimal nutritional requirement has continued from its average of 77% in 1979-81. The trend for children under the age of five continues to show a rising protein-energy malnutrition rate - 25% of the entire age group - and a higher child mortality rate of 3.8 million per annum.

In almost all countries, more than half the number of the rural population live *below* the absolute poverty income level. In high-rainfall, high-productivity zones, poverty is associated with extreme and increasing land pressure, fragmentation of holdings and declining fertility. In low-rainfall and drought-prone areas, over-grazing and the shifting cultivation practiced by the poor on increasingly marginal lands continue to undermine an already fragile ecological balance. Indeed, over the past two decades Africa's semi-arid lands have become populated by both people and livestock at a rate considerably faster than in more fertile areas. Conditions of hunger and even famine are increasingly common in these areas, as is the frequency of drought. Endemic poverty - poverty of land, of resources and of people - is still rising.

For Governments: Limited Options

Perhaps most disturbing for the smallholder sector are the implications of Africa's increasing foreign exchange earnings shortfalls. With an external debt amounting to over US$ 100 billion, annual debt service obligations are expected to rise from approximately US$ 15 billion in 1987 to an estimated US$ 23 billion by 1995. Although industrialized countries are taking steps to alleviate this problem, any increase in debt servicing will come at a time with no prospects for greater export earnings, nor any improvements in the continued high dependence on imported production inputs and consumer goods. This looming foreign exchange crisis can only have serious downstream repercussions for the smallholder sector in terms of even further diminished governmental support for agricultural inputs, infrastructure and marketing assistance.

Despite these increasingly severe constraints, most African governments have paid greater attention to the development of the smallholder sector in the 1980s. Africa's Priority Programme for Economic Recovery (APPER), adopted by the Organization of African Unity (OAU) in 1985, explicitly mandated increased investments and better incentives for food production, with the main focus on the peasant farmers and special reference to women farmers who dominate food output. Even within many of the agricultural sectors in the region, the sharply dualistic structures of large commercial farming, on the one hand, and subsistence farming, on the other, are slowly yielding to the determination of governments to modernize the sector and increase the productivity of smallholders. Price incentives, combined with marketing programmes and a variety of support services, are being offered by a growing number of governments and have generally been effective in increasing the share of smallholders in purchases by marketing boards.

The progress of such programmes in Ghana, Malawi, the United Republic of Tanzania, Zimbabwe and elsewhere is encouraging other governments to re-think their policy frameworks in a way that would encourage similar results. In addition, significant resources have been committed and major steps taken in the development of rural institutions and support services, aided by financing from the international donor community. This effort has been paralleled by an expansion of smallholder access to credit and inputs. A new stress on environmental preservation and the sustainability of agriculture is also apparent across the continent.

Nonetheless, progress has been far from uniform and in certain critical areas, such as access to land and land tenure for poor farmers, government policies have been largely inactive. One problem facing almost all governments in the region is the crisis of sustainability threatening to undermine all the initiatives taken thus far because of mounting and severe fiscal difficulties. The impact on smallholder services can be particularly harsh in a period of transition in the context of structural adjustment programmes because fiscal stringency not only inhibits the expansion of services on their behalf but depresses the productivity of existing, often meager, support infrastructures. This crisis of sustainability is especially unfortunate at a time when almost all African governments have recognized the important role that can be played by smallholders in recovery and development and the necessity for increased poverty alleviation among the rural poor.

An effective strategy for the future of Africa's smallholder sector therefore needs to overcome these external constraints by incorporating low-cost, sustainable technologies which build on existing capacities and the innate potential of the smallholders themselves. This means enlisting the poor in self-help rehabilitation measures. It means greater reliance on NGOs and the mobilization of grassroots resources, particularly among women involved in food production. It means the further development of drought-resistant crops and less reliance on import-intensive technologies. And it means improving the efficiency of existing institutions and the more effective utilization of existing capacities and resources, including the stimulation of off-farm employment opportunities. All these undertakings need to be accompanied by macro-policies which are themselves conducive to unleashing the potential of the poor and introduce incentives for their greater involvement.

Women project beneficiaries in Malawi weeding a groundnut field.

IFAD Assistance under the Regular Programme

It is against this backdrop of declining per capita food production, rising malnutrition, and persistent structural imbalances in most African economies that IFAD has been developing its lending programme for the region. The overall thrust of these efforts has been directed at four inter-related activities designed to support the initiatives of governments to expand the self-reliance and economic potential of smallholders and the rural poor. These involve, first, expanding local food production, above all for traditional crops; second, stimulating individual initiatives supported by existing village and community-based dynamism; third, promoting the role of women as producers and providers of family food security; and fourth, helping governments to maintain or increase the focus on the smallholder sector during the process of streamlining public services in light of the ongoing policy reforms.

IFAD's focus on strengthening local grassroots and community-based institutions serves the purpose of improving the accessibility and efficiency of local institutions to benefit from the new economic reforms and changing policy environment. The goal is to enable these institutions to perform many of the tasks and services for individual smallholder families that had previously bypassed the smallholder sector or have been cut back in the current period of fiscal austerity. These services relate both to the securing of agricultural production inputs as well as to the transportation and marketing of food crops.

In the same vein, improving public sector performance has become a clear cut necessity in view of the resource constraints facing most African governments and in order to ensure a better farm-gate price to agricultural producers. Such improvement entails the rationalization required for well defined complementarity between the public and the emerging private sectors. More cost-effective public sector institutions go hand-in-hand with greater beneficiary participation and with protecting essential smallholder services.

To reinforce these elements of IFAD's lending strategy, the Fund has also been expanding its advocacy role in the policy arena in the interest of smallholder concerns. In the case of structural adjustment in particular, IFAD has emphasized the need to ensure an effective smallholder supply response during the process of economic recovery. This implies that structural adjustment efforts should explicitly include as basic objectives food security and the expanded productivity of smallholders and the rural poor. IFAD's advocacy role has thus sought to underline the point that policies and programmes for increased productivity in the smallholder sector need to be adopted as an integral part of adjustment and stabilization.

Projects Approved in 1988

These priorities are reflected in the IFAD-supported projects approved by the Executive Board in 1988. For example, the **Pilot Food Crop Development Project** approved for Sao Tome and Principe is aimed at reducing the dependence of the island on food aid by promoting domestic food crop production both within and outside the cocoa plantation sector. The plantation labourers who otherwise in the absence of food aid suffer from nutrition deficit will now be able to meet their own requirement. On the other hand, appropriate policy and institutional support for the small-scale food producers outside the plantation sector will help exploit the hitherto untapped production potential of the island. This was a concrete example of IFAD's project lending for the food crop sector to supplement a Structural Adjustment Programme.

IFAD's project will ensure the allocation of resources (including production inputs) for an important long-term growth sector, in a situation in which the export sector has historically tended to monopolize resources. In its implementation, IFAD will work closely with the WFP and other donors to assist Sao Tome and Principe in reducing its dependence on food aid.

Selling the surplus. Women sell sorghum produced under the Agriculture Reconstruction Programme in Eastern and Northern Uganda.

In the **Cameroon Livestock Sector Development Project,** an IFAD loan will help pastoralists and other livestock-dependent poor whose incomes are substantially below other rural groups. The project has been designed to facilitate the government's efforts to assist traditional herders, including the more active participation of herders' associations and the private sector, along with the more efficient use of the government's limited budgetary resources. In the same fashion, the project will support the realignment of institutional responsibilities arising from current policy reforms designed to improve the quality and quantity of governmental services. The project includes assistance for the reorganization of the animal health care service and has been designed to give support to this group at a time when other ongoing or planned development activities threaten to be biased against them.

The **Bututsi Agro-Pastoral Development Project** approved for Burundi has similar aims. This IFAD loan will provide assistance for some 10 000 smallholder families, 80% of whom obtain their living from a combination of both farming and livestock production. The loan will be used to improve food output mainly through intensification of food cropping, animal husbandry and soil conservation in an integrated development effort. The project will establish an effective exterior system of support for this effort, will provide participating smallholders with improved inputs and livestock and will rehabilitate over 200 km of feeder roads in the project area for improved market access by the beneficiaries.

Also under the Regular Programme, an **Artisanal Fisheries Development Project** in Nigeria has been approved to assist some 240 000 fishermen and their families in the Southeast coastal region of Nigeria, an area which has one of the lowest per capita incomes in all of the country. The project is designed to improve the economic productivity of remote fishing communities and thus raise the living standard and quality of life for these neglected fishermen. Improved marketing of the local catches - in part through the reduction of post-harvest processing and distribution losses - is aimed at integrating these fishing families into the growing national demand for domestically caught fish. Organization of fishermen at the village level and community self-help programmes constitute the major elements to ensure sustainable development.

IFAD Assistance under the Special Programme for Africa

The year 1988 has marked the mid-point in the life of the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (page 24). By the end of the year, a total of 16 projects had been approved under the Special Programme since it became operational in May 1986, representing commitments of nearly SDR 119.9 million (US$ 150.5 million) in Special Programme resources for loans and SDR 8.9 million (US$ 11.8 million) in grants.

In line with the particular focus of the Special Programme on the increasingly grave problems of the African environment, four of the five projects approved during 1988[1] placed major emphasis on environmental rehabilitation involving soil and water conservation and agroforestry.

The **Soil and Water Conservation and Agroforestry Programme** approved for Lesotho is an innovative effort to help this country confront its chronic problem of soil erosion and environmental degradation. The project rationale stems from the understanding of farmers that it is only when soil and moisture conservation are combined as part of normal farming operations that any long-range and sustainable improvements in agricultural productivity can be expected. Using simple methods and limited resources, the loan therefore provides assistance to integrate soil and water conservation as part of farmers' normal agricultural activities in a way designed to increase farm profitability. The project will also promote an innovative agricultural extension system based on client-demand, provide an agroforestry research capability (page 82) and establish a monitoring system within the Government for coordinating its soil and water conservation policies and programmes.

Similar kinds of objectives have been incorporated in the **Fouta Djallon Agricultural Rehabilitation Project** in Guinea. This Special Programme loan is targeted for the Fouta Djallon region which once having been a high potential area has experienced acute poverty because of neglect in terms of resource allocation and policy support. The proposed project area in particular is both food-deficit and drought-prone and undergoing an accelerating process of environmental degradation. This deterioration is the result of increasing population pressures on the land, which have undermined the ecological vitality of traditional farming techniques. The project will help beneficiaries raise their income through increases in food production and greater productivity, while promoting conservation measures to improve soil fertility. In support of these objectives, an agricultural credit scheme for recipients, based on the existing traditional organization of the village, is used as a means to stimulate the cohesiveness of the members and energize their association. In this way, credit also addresses the main constraint for the acquisition of inputs and equipment, as well as facilitating the marketing of crops. The credit operation is preceded by the establishment of a village

(1) The fifth project approved under the SPA in 1988 was in The Sudan and is discussed on page 114.

development fund, the resources of which are provided through the mobilization of villages' savings and a matching contribution from the project. This fund has a dual function of providing security for credit which the villagers receive on a group basis as well as providing short-term credit to villagers for activities which are not suitable for bank credit. The design of the project therefore incorporates the use of traditional village grouping as the basis for development and for providing basic services for the village community. It promotes technical and financial self-reliance through functional literacy, the village-managed credit and development fund and the training of para-extension workers.

By the same token, an **Agroforestry Development Project** approved for Senegal is designed to help break the "vicious cycle" of mounting short-term pressures to expand groundnut production among smallholder farmers at the expense of ecologically sound farming and livestock practices. This project seeks to give smallholders in the project area economic incentives for promoting the integration of vegetable and fruit tree production in their farming practices. The focus is on intensive agroforestry promotion, training and demonstration in which village groups will be actively involved on an increasing basis. The project also provides funds for income-generating activities identified by women's groups and other project participants themselves. A key outcome will be the development of a network of agroforestry centres which should work closely with village groups and serve as intermediaries between these groups and the private sector for input supplies and credit.

Assistance to Nomads and Pastoralists

Apart from these projects, another area of particular concern under the Special Programme has involved IFAD efforts to assist nomads and pastoralists. The recent droughts and deteriorating environmental conditions in the Sudano-Sahelian zone of Africa have seriously threatened the precarious balance of traditional pastoral economies and social structures. The threat to their socio-economic system has evolved in part from increasing competition between pastoralists and farmers for land and from the worsening terms of trade between livestock sales and cereals.

Three Special Programme projects - in Mauritania, The Niger and most recently, in 1988, under the **Kidal Food and Income Security Programme** in Mali - have included components specifically designed to address the problems confronting pastoralist populations. These projects have variously included assistance aimed at organizing pastoralist groups for the provision of services, training and marketing. In addition, they have included credit services for herd replenishment and the provision and training of livestock agents, veterinary auxiliaries and herders themselves in the technical and environmental aspects of pastoral production and animal health. Because many pastoralists have now become part-time farmers, IFAD assistance has also been provided for the introduction of processing technologies for animal and agricultural products and the establishment of cereal banks.

The new Mali Kidal Food and Income Security Programme includes an insurance scheme to protect the poorest pastoralists who will be assisted under the herd restocking component of the project, in the event their new livestock are lost before they would be able to repay the debts incurred from herd restocking. The project also combines improved methods of water harvesting with the promotion of a more rational use of pasture through the adoption of an innovative code on pasture usage, drawn up with the participation of the beneficiaries. It relies on local self-help groups and cooperatives to channel credit and extension services and will develop oasis agriculture to help diversify the pastoral economy.

Summary of IFAD's Lending in the Region

By the end of 1988, IFAD assistance to the African region under the Regular Programme amounted to SDR 637.4 million for 82 projects in 38 countries. Of the total project cost of US$ 2 282.6 million, IFAD contributed 32.7% (US$ 747.2 million),[1] other external donors 45.4% (US$ 1 036.5 million) and recipients 21.8% (US$ 498.9 million).

In addition, under IFAD's Special Programme for Sub-Saharan Africa, IFAD provided SDR 110.3 million (US$ 138.9 million) for 14 projects in 13 countries.

IFAD's total assistance to the African region under both its Regular and Special Programme for Sub-Saharan Africa amounted to SDR 747.7 million (US$ 872.1 million) or 34.9% of the total project cost of US$ 2 496.7 million. Other external donors contributed US$ 1 086.3 million (43.5%) and recipients US$ 538.0 million (21.5%).

In 1988, under the Regular and Special Programmes combined, the African region received SDR 81.5 million in assistance for 10 projects in 10 countries. The total cost of these projects is US$ 207.5 million, of which IFAD's share is US$ 105.6 million or 50.9%. Other external donors provided US$ 58.0 million (27.9%) and recipients US$ 43.9 million (21.1%).

(1) The IFAD amount here includes US$ 14 million for two loans, Ghana and Zambia financed in parallel under the Special Programme for Sub-Saharan Africa.

Box 1:

MALI: VILLAGE DEVELOPMENT FUND PROJECT

A drought-stricken Tuwareq family group searching for water. IFAD is encouraging these groups in the Kidal Province of northern Mali to resettle in their traditional homelands by helping them procure and maintain guaranteed sources of food and water.

In the Ségou region (central Mali), 150 miles northeast of the capital, Bamako, the short-growing season and poor natural fertility of the soils are the critical constraints for increasing agricultural productivity. Timely and appropriate soil preparation through the use of draught animals is an essential factor for removing these constraints. Smallholders' access to draught animals, however, is severely limited in the absence of credit facilities. The IFAD-assisted credit project has been able to expand effectively the access of smallholders to credit for obtaining draught animals and related equipment. Such credit facility has also been used as a catalyst for establishing a process of self-managed development in more than 150 villages.

Experience has shown that in the Malian context most of the classically patterned rural development projects have fallen short of their objectives. Therefore, under the Village Development Fund Project at Ségou, a formula has been found which is actively involving the rural population in its own development, by making use of the traditional village organization - called "ton" which in Bambara literaly means "association" - whose strength is based on its role as traditional owner of the village land and as an instrument of social security for member families. The project has built upon this tradition in creating and promoting village funds to both attract village savings and direct them towards productive investment and general community welfare including increased food security for all.

Resources of the Village Development Funds are provided through the mobilization of the villagers' savings and a matching contribution from the project. These savings and contributions, in turn, provide security for the credit which the villagers receive on a group basis from the local branch of the National Bank for Agricultural Development. They also are the basis for some direct short-term credit provision for seasonal inputs and marketing of crops to the members. As a result, in each village farmers are enjoying two separate lines of credit. Interest earned on loans from the village fund is ploughed back into the fund itself, while 2.5% of the interest earned on credit from the National Bank is also collected by the village as remuneration for assisting the bank in the recovery of its medium-term credit. This arrangement has not only ensured a sustainable credit system, with flexibility tailored to the needs of the villagers as perceived by themselves, but has also helped to increase the resources available for village-based development. Because the whole scheme of village-wide mobilization is internally generated, it has strengthened the self-reliance and resilience of the entire community. In this context, cash flows and repayment rate fluctuations become less decisive factors. They reflect more the impact of short-term factors such as drought or pest attack than the overall capacity of the community to manage its own development.

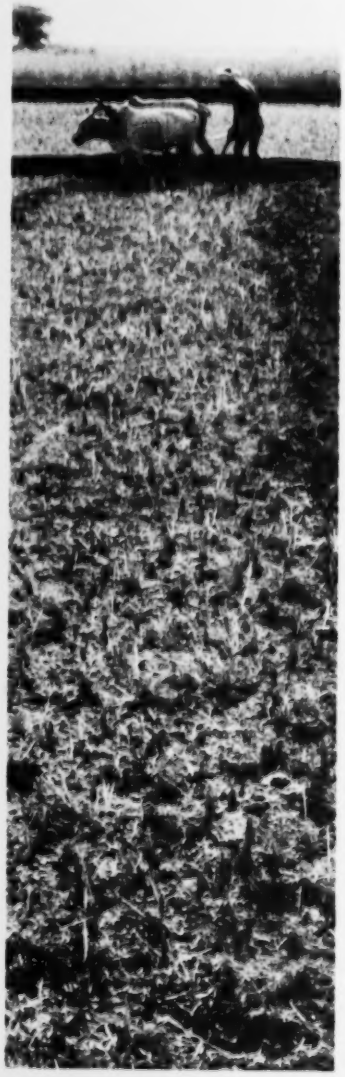
The project has also successfully launched a functional literacy programme which permits widespread farmer training and similarly promotes farmer participation. Training also includes primary health, basic hygiene and nutrition, as well as mid-wife training. In addition, training is organized for para-extension workers who are resident in the village and work directly with farmers in the diffusion of technologies while acting as feedback agents for the project's technical packages.

After the third year of project implementation the total production of sorghum, groundnuts and niebe in 1985/86, 1986/87 and 1987/88 amounted to about 5 870 tons, 11 640 tons and 12 400 tons respectively, which represent - respectively - over 500%, 600% and 200% of initial appraisal objectives for those years. Credit repayment was 100%, 100% and 84% respectively. As a result of marketing profits and interest earnings, the village funds generated by the beneficiaries and deposited at BNDA has increased from about US$ 94 000 in 1985/86 to US$ 335 000 in 1987/88.

However, these years (1985-88) consisted of two successive years of good rainfall followed by a season of deficient rainfall. This has pointed to the need for specific actions for food and income security. Measures are therefore being formulated by IFAD as part of a contingency plan for the promotion of seed and cereal banks, animal production, irrigation schemes and marketing/storage facilities. IFAD has a number of its interventions on village based associations. A good example is the use of credit unions in the Solomon Islands. Presently, village funds like the ones in the Ségou region of Mali are being established in Guinea under the Fouta Djallon Agricultural Rehabilitation Project and are being contemplated in The Niger.

ASIA'S GREEN REVOLUTION: PAUSE OR SETBACK?

Regional Trends, Problems and Prospects



Regional variations abound in the Asia and Pacific region. Some countries have richer resources and higher incomes, and have experienced faster growth than others - for example, Southeast compared to South Asia. Some, such as Maldives, are poor but have recently experienced rapid growth in exports and incomes. Some, like the Republic of Korea, are now highly industrialized.

The Pacific Island countries are in a class by themselves. Their main problems pertain to their geographic isolation, the smallness of their markets and economic base, their dependence on a few export commodities, changes in food habits towards nutritionally inferior processed and imported foods, and their overall need for institutional development.

After rapid increase during the 1970s and the first half of the 1980s, the growth of food and agricultural production in Asia has recently slowed down. While the region appears to have developed the ability to withstand setbacks caused by weather, natural calamities or unfavourable markets for some major commodities, a new caution with regard to the sustainability of Asia's rapid agricultural growth after the "Green Revolution" is becoming evident. It is already well known that many people have been left behind. An extensive social and physical infrastructure, along with the right policy framework and investment effort are, therefore, required to support this system and have its benefit equitably shared across different groups. Moreover, continuous research, extension and management improvements are also necessary to counter the internal strains developing in the Green Revolution itself. The physical deterioration and inadequate management of irrigation systems and the declining effectiveness of chemical pesticides are examples.

Future prospects for overall agricultural growth and food production in Asia lie in technical advances being researched for rainfed agriculture and secondary crops. Also, foreseeable advances in "knowledge-based agriculture", in fields such as biotechnology, hybrid rice and nitrogen-fixing plants, hold great promise for further growth in production. The challenge will be to make this technology frontier accessible to the small and marginal farmers and extend its benefit also to the landless.

Acute rural poverty still prevails in many parts of Asia. A decline in the growth rate of population has not yet been accompanied by a decline in the growth of the labour force. The result is increasing population pressure on already scarce land and rapidly declining land/labour ratios. This has meant not only a swelling of the ranks of landless labourers and tenants but also a downward pressure on real agricultural wages and an upward pressure on land rents - with a consequent income distribution away from labour and tenants.

Still other countries are struggling to recover from war and civil strife and are in urgent need of rehabilitation and development. IFAD has already started preparation of a strategy to help meet the immense needs of reconstruction, focusing on the ravaged or depleted infrastructure and resource base of small farmers.

A looming crisis in Asia is the growing environmental degradation in areas such as the Himalayas. Here, the magnitude of the problem has acquired a cross-country dimension calling for concerted action between different countries, although the exact causes remain to be reliably determined. It is within this kind of setting that the floods of Bangladesh should be analysed. It is becoming increasingly clear that the poor are the prime losers from environmental deterioration without, in fact, being its prime perpetrators.

Poverty and Policy in the Region

IFAD's efforts at poverty mapping through its Special Programming Missions (SPMs) in the region underscore the diversity and urgency of the problems facing governments in the alleviation of rural poverty. In Bangladesh the rural poor are so widespread that they embrace 80% of rural households and include the landless, marginal and subsistence farmers, tenant farmers, small fishermen, sharecroppers and women heads of households. All of these groups are particularly vulnerable to the devastating floods which afflict Bangladesh one out of every three years. Rural poverty is equally pervasive in Bhutan, with the difference that in Bhutan an ingenious and traditional pattern of land use and mixed livestock and crop farming is in danger of breaking down under population pressure, soil exhaustion and the spread of the cash economy. Similar pressures are at work among nearly 60% of rural households who are hill dwellers in Nepal.

In Indonesia, an estimated 43% of the rural population lives below the poverty line, the poorest being agricultural labourers whose per capita incomes have declined from 56% of the average in 1975 to 51% by the early 1980s. Over 60% of the rural people in The Philippines fall below the poverty threshold. Almost a third of rural families in this country failed even to reach the subsistence income level as recently as 1985. The poor farmers of Thailand are concentrated mainly in the north and northeast. Under existing patterns of land distribution, a third of all rural households are landless and another 7% marginal farmers with less than one hectare of land per family. In fact, the vast majority of the 600 million poor in Asia are heavily concentrated in the countryside, with rural women unequivocally constituting a special "target" group in almost all of the countries.

The apparent success of the Green Revolution technology has further impressed governments in the region with the importance of support for agricultural development, and many have begun turning more attention to the lingering plight of the rural poor. In Indonesia, for example, the build-up of the Government's intervention apparatus for agriculture in the 1970s was extensive and effective, although it is commonly agreed that the focus of support has been on larger and middle-level farmers. The Government has sought to remedy this imbalance through an innovative programme designed to support the production of smallholders by linking them into a system of "nucleus estates" engaged in larger-scale commercial farming. The country's ambitious transmigration programme is a major effort to resettle poor farmers to less densely populated outer islands and provide them with the land and equipment needed for increased production. IFAD has approached the issue somewhat differently from other donors. Instead of providing assistance for the transmigration activity itself, the Fund has financed two programmes of supply draught animals to poor farmers on credit. This, together with the support given for forage production, has enabled the farmers to use land resources efficiently while at the same time ensuring the preservation of the environment.

Sri Lanka's Government has moved to enhance rural incomes and employment through crop diversification, the provision of technical packages and improved extension and price reforms designed to encourage tree crop and livestock production. The Philippines' Medium Term Development Plan centres on an employment-oriented, rural-based strategy for sustained development which stresses liberalization, deregulation and technological modernization, including a rationalization of land management policy. Both Pakistan and Thailand have sought to target funds explicitly for rural poverty alleviation, and Pakistan's Agricultural Development Bank has reoriented its operations to channel more than 75% of its credit provision to farmers operating less than five hectares.

In a number of countries, macro-policies ensuring stable prices and subsidized inputs have been of even greater importance than the operation of agricultural service institutions in the growth of food production. Food self-sufficiency has largely been attained in many countries of the region. In fact, what has been achieved is spectacular. But this self-sufficiency is measured only in terms of an aggregate indicator such as per capita availability and not in terms of the purchasing power of the teeming millions of people trapped in extreme poverty who must be given the wherewithal to have access to market in terms of effective demand. The danger, however, exists that policy options will proceed to concentrate on the expansion of footholds gained in export crop markets, to the neglect of the bypassed rural poor. While the special needs of women and of the environment have begun to reflect themselves in policy concerns, most countries remain too poor or distracted by other problems to direct more than token resources at these problems, particulrly to the problem of generating income and employment for the poorest. This is increasingly becoming the focus of IFAD's operations in Asia.

An artisanal fisherman weaves a fish container as part of the Sundarban Rural Development Project in India.

The IFAD Approach in Asia

In its project interventions in Asia, the Fund attempts to support government efforts to address the varied needs and problems according to their particular environment and circumstances. Where feasible, the Fund brings in new specific approaches or builds upon the strategies and experiences that have worked elsewhere.

An approach which has found particular appeal in Asia is the provision of rural credit to specific target groups of the poor. Small groups, through small loans and small savings, have made big achievements - but also face considerable difficulties. Poor groups' willingness to repay loans is found to be exceptionally high. But for the very poor people, individual *ability* to repay can become weak in crises such as the death of an animal or natural disaster. Innovative group-based and self-managed livestock insurance schemes developed in some IFAD projects are attempting to tackle this problem. The other aspect receiving attention is consumption to tide the poor over the lean season.

The perception underlying IFAD's approach is that opportunities still exist to tap the productive potential of the rural poor and alleviate their poverty, even in less developed and disadvantaged areas such as hills or outlying islands, with appropriate crop packages and off-farm activities. Following the same principle, there is now greater emphasis on diversification into secondary crops and horticulture in rainfed areas as against rice or wheat and the irrigated areas. Small-scale livestock and fisheries being a common pursuit of the poor, greater stress is also being given to these sectors.

Irrigation projects in general are now fewer in number in Asia. Within irrigation, IFAD is giving greater emphasis to small-scale, farmer-managed systems. The latter have been found to be more economical, easier to manage and better targeted at the poor.

Because of increasing population pressure on the land and the small and skewed nature of existing holdings, landlessness will be on the rise in Asia. Inevitably, much of the increased rural labour force will have to be absorbed outside agriculture but preferably within rural areas. Development of off-farm rural employment opportunities is therefore imperative. Although a small farmer approach, as well as conventional agriculture intensification efforts, indirectly help to create off-farm employment opportunities, IFAD also undertakes a "direct attack" on this problem through the

promotion of rural industry and "grassroots businesses" (micro-enterprises) - as, for example, in its credit projects. Such a strategy also generates favourable agriculture-industry linkages in the rural sector, brought about by its built-in biases in favour of labour-using and capital-saving technology.

A "participatory" approach is the standard approach taken in IFAD projects. Usually, this is undertaken through the organization of poor people's groups. Such participation is both a means to greater project efficiency and sustainability, and also an end in itself. Farmers in Asia have shown themselves especially receptive to this approach.

Projects Approved in 1988

Seven new IFAD projects were approved in the Asia and Pacific region in 1988. Three involved credit supply: in Tonga (*Rural Credit Project*), in Sri Lanka (*Small Farmers and Landless Credit Project*) and a financial institutions building and credit project in the Solomon Islands (*Rural Financial Services Project*). Two were livestock projects: in China (*Sichuan Livestock Development Project*) and a livestock and dairy development project in Pakistan (*Punjab Smallholder Dairy Development Project*). One was a small-scale fisheries project in Bangladesh (*Oxbow Lakes Small-Scale Fishermen Project*). And one was an area development project in Bhutan (*Punakha-Wangdi Phodrang Valley Development Project*).

In their concept and design, these projects build upon the successful aspects of past project experience in Asia while attempting to experiment with new ideas and innovations. Together, the six projects are expected to benefit over 100 000 poor farm families at a total IFAD investment of US$ 53.8 million.

In four of the projects - the three credit projects and the Bhutan project - loans will be extended to smallholders and the landless for a wide range of activities from vanilla and root-crop production in Tonga, to village milk marketing in Pakistan and small-scale non-farm rural businesses in Sri Lanka. In each of these projects credit is also used as a vehicle for transferring technology, inputs and assets to the target groups.

All the projects are based on careful identification and analysis of the project beneficiaries in order to ensure that the benefits reach the neediest. Thus, for example, in Tonga, credit will be provided to categories of smallholders generally bypassed by previous programmes, such as poor young farmers with little assets, farmers with no formal tenure to the land, and women. In Sri Lanka, the landless will receive credit for the first time. Its modalities will be drawn from the Grameen Bank Project in Bangladesh - thus promoting "Technical Cooperation Between Developing Countries". In all the projects, "group lending" to small homogeneous groups of the poor is to be encouraged. This is found to decrease costs and increase the outreach of the credit, while also establishing a basis for group savings. The loan sizes will vary in accordance with the nature of the activities and clientele but will mostly be small - some even as miniscule as US$ 15 (as in the Bangladesh Grameen Bank Project).

Credit provision alone is not considered enough for project success. Projects are designed with various vertical and horizontal "linkages" in support of the credit activity. The Bangladesh project includes, along with the main project objective of fish development in the lakes, provisions for fish fries and fingerlings, processing, marketing and storage, as well as electricity for pumps, some link roads, extension service and training. Similarly, the China project is designed to ensure that inputs, animals and cash reach the beneficiaries in a timely way. It also provides for adaptive research and processing. The Pakistan project links credit with marketing (through milk chilling facilities and some link roads), extension, adaptive research and animal health. This project will also encourage and rely upon the private sector to engage in the supply and distribution of fodder production inputs.

Diversification of projects and project activities also marked IFAD's activities in the region in 1988. The Bhutan project, for example, diversifies from major crops production to secondary crops, fruit/vegetables and non-crop activities. The Sri Lanka project also provides for a wide range of non-crop activities, including small-scale manufacturing such as fruit juice bottling and brick-making. The Bhutan project first seeks to modify traditional crop production before trying to introduce "modern practices" and varieties. The emphasis on livestock and fishing in five of the seven projects is a further indication of diversification.

A continuing trend is towards projects located in remoter and less favoured parts of a country (e.g., marginal and degraded land in the China project). In Asia as a whole, more projects are being located in geographically remote Pacific Island countries with particular focus on the outer islands - two of the seven projects in 1988. Within individual countries, the outlying and less developed islands are receiving more attention.

The sharper focus in terms of target areas and activities has a parallel with respect to target groups. Women are a key focus. In the Sri Lanka project, 40% of the benefits

are aimed at women. In the Solomon Islands project, 40% of the members of the credit unions are expected to be women and the project will actively promote women's participation in credit union leadership. In Bhutan, the labour-saving equipment made available through credit will benefit women farmers. Given the popularity of small livestock-raising among women in China, the introduction of new livestock enterprises in the Sichuan project will help to improve the status of women within village households.

An additional element is the significant involvement of beneficiaries in all of the projects approved in 1988. Thus, in the Bangladesh project, a natural resource (namely fishing lakes) is to be innovatively managed and harvested by groups of poor and "genuine" fishermen. This will replace the previous inequitable and over-exploited system of leasing to wealthy absentees, and should also reduce the Government's expensive role in operation and management to the level of a support-services function. Another innovative feature will be the formal representation on fish-lake management bodies of groups *outside* the project (such as neighbouring farmers), who could be adversely affected by the project's new rules for fishing in the seasonally fluctuating waters of the lakes. The arrangement introduces a democratic means of dealing with social conflict over economic rights.

A similarly participatory approach in the Bhutan project involves water users' associations, which are active from the start of the planning stage in the small irrigation schemes. The Bhutan project will also organize local village groups for soil erosion control. The China project will rely on "Voluntary Farmers' Associations" to strengthen the role of poor farmers in the processing and marketing of their products. Similarly, the linchpin in the Pakistan project is the village milk collection groups around which small-scale dairy production will develop.

Experience has shown that identifying, motivating and organizing beneficiary groups is an exceptionally difficult task. Putting them in actual charge of management and operations is also beset with problems of building up technical and managerial competence. In the 1988 IFAD projects, these tasks are to be entrusted to NGOs in a collaborative partnership with government organizations. In the Bangladesh project, a local NGO will identify and organize the village-level organizations, provide management/technical support to them and also implement a training and technical assistance programme to improve the competence of the local organizations in these respects. In other projects too - Pakistan, Sri Lanka, Tonga and the Solomon Islands - NGOs will be closely involved in organizing and sustaining the participation of target groups. In the Sri Lanka project, a local women's NGO will be involved.

Box 2:

CHINA: A PIONEER EFFORT IN LAND REHABILITATION

In the North China plain 6 million ha of arable land were saline and barren - a lunar landscape of salty dunes, the product of alternating floods and droughts. In 1983, IFAD joined the Chinese Government in a pilot desalinization project in two of the poorest counties of Hebei Province, Quzhou and Nanpi.

In its fight against salinity and flooding, the Hebei project has become a model of what can be done for environmental rehabilitation. Participatory development was a key to the Hebei project's success. The entire work forces of the villages - men, women and children, farmers and non-farmers - were mobilized to build a network of drainage and irrigation canals. At the same time, 150 deep and 1 750 shallow tubewells were sunk to flush out saline water and to bring up fresh water to leach out the salt residues. The aim was to reduce the saline content of the soil to a point where water could be reused for the irrigation network being developed by villagers. The entire process was carefully monitored by experts from the Beijing Agricultural Institute.

The Solomon Islands **Rural Financial Services** Project is primarily an institutional development project. In order to service an emerging demand for credit, and remove this particular constraint on growth, the project seeks to create a self-administered village-level "banking system" covering dispersed and often isolated areas of the Solomon Islands. Based on a promising credit union movement, the project will nurture these spontaneous "home-grown" rural institutions by creating an apex organization and providing training, organizational and infrastructural support to it as well as to the local level credit unions.

A number of specific issues will be closely monitored in each of these projects as they proceed to implementation. In the Solomon Islands project, for example, the financial sustainability of the rural credit structure is particularly essential to project objectives and will be carefully watched. In Bhutan, special attention will be given to the workload of women and the length of their workday in relation to the increased cropping intensity called for under the project. The targeting of credit will gain particular focus in the Sri Lanka project, since the real income level of some in the target group may be higher than estimated, due to their other sources of income. Other implementation concerns to be closely monitored in this project include the repayment capacity of the borrowers, the process of group formation through NGOs and the harmonization of the lending policies of the thrift and credit cooperatives being formed with the policies of regional rural development banks. The complementarity of this project with ongoing, related bilateral projects is another area of concern. Similar attention to group formation will be given under the **Rural Credit Project** in Tonga, with women's access to credit and their training needs as a particular focus. The cost of administration of the Tonga Development Bank will be kept under constant review to reduce the need of internal cross-cost subsidization between large and small loans. The adequacy of fishermen's loan size will also be reviewed periodically.

Summary of IFAD's Lending in the Region

By the end of 1988, total IFAD assistance to the Asia region under the Regular Programme amounted to SDR 828.3 million (US$ 975.4 million) for 66 projects in 16 countries. Of the total project cost of US$ 3 869.7 million, IFAD provided 25.2% (US$ 975.4 million), other external donors 28.1% (US$ 1 085.6 million) and recipients 46.7% (US$ 1 808.7 million).

In the seven projects approved in 1988, IFAD's investment of US$ 53.8 million was augmented by US$ 8.2 million from other external donors, and US$ 27.9 million from the recipient countries, thus amounting to a total project cost of US$ 89.9 million.

More than half of the 18 000 ha of saline land have been brought under irrigation. Some 5 000 ha of wasteland have been turned into forests and orchards, and 3 000 km of shelterbelts planted. These areas in turn are providing a more favourable micro-climate for the project as a whole.

Farmers themselves are now operating and maintaining the irrigation systems, either individually in the case of small pumps, or through village committees in the case of the deep well pumps. The 43 000 families living in the area have also benefited from loans for tools, pumps, pesticides, fertilizers and seed. The result has been striking and has exceeded all expectations.

By the end of 1987, with the completion of most of the drainage works, grain production had increased by over 200% and cash crop production by 400%. Livestock production increased 210% from 3 600 to 11 300 for large animals (cattle, donkeys and mules), almost 70% for goats and pigs (26 500 to 39 500) and 60% for poultry and ducks (123 800 to 215 000).

As a result, average net family incomes have leaped by more than 200% instead of the 100% estimated at project appraisal, from 104 to 340 Yuan (from US$ 30 to US$ 90).

To enable widespread replication of the Hebei success, IFAD, together with the Television Trust for the Environment (TVE), the China Youth Film Studio and support provided by the International Planned Parenthood Federation, the EEC and the United Nations Environment Programme (UNEP), co-produced a film "Salt of the Earth", which won second prize at the International Contest for Agricultural Video in Saragosa, Spain, in March 1988.

LATIN AMERICA AND THE CARIBBEAN: ATTACKING POCKETS OF POVERTY

Status of the Rural Poor

Until the early 1980s, in general, the countries of Latin America and the Caribbean and their agricultural sector underwent a significant growth. There were indeed variations in country performance, as some countries performed better than others. The overall regional Gross Domestic Product (GDP) increased by an average of 5.6% between 1950 and 1980. Agriculture expanded by 3.3% annually. Economic expansion was characterized by an urban-based, import-substituting industrialization. It therefore failed to have substantially positive effects on the traditional *minifundia* or peasants sector. In general, it did not address the problem of entrenched poverty and growing landlessness in rural areas.

In the period 1950-1980, rural population fell from 61% to 41% of total population. Latin America and the Caribbean had urbanized, with a substantial part of the rural poor relocated in urban areas. Estimates indicate that in 1960 the population living in poverty amounted to 110 million, or 51% of the region's population. This percentage had dropped to 40% in 1970 and 35% in 1980. Nevertheless, because of the population growth the number of poor had risen to 130 million as the 1980s began.

Despite the massive rural-urban trek, more than half of the rural population also continues to live in poverty - most of them in extreme poverty. For most of the rural poor the food supply situation did not improve, since few consistent attempts were made to develop appropriate agricultural production technologies, marketing outlets, production support services and organizational structures with the well-organized participation of peasant farmers and the landless. Landlessness increased as implementation of land reforms lagged. In fact, in many cases land reform not only failed to redistribute the land to smallholders but worsened their condition by eradicating the land rental market on which certain landless peasants had come to depend.

The principal economic causes of rural poverty in Latin America and the Caribbean are the lack of access to sufficient land, tenurial arrangements, low productivity of labour and deficient job opportunities for a majority of the rural population. Expansion of urban-centred economic activities and social programmes have tended to impede the further spread of social services in health, education and drinking water supply over a large part of the countryside.

Resettlement or colonization schemes have failed because they were under-financed and lacked both a long-term commitment and adequate targeting of resource allocations for the poor. Some proved damaging to the environment as well. Integrated rural development schemes have been largely unsuccessful for many of the same reasons, since the poorest farmers have generally failed to improve their incomes or outputs.

The main factor until 1980 which helped to alleviate rural poverty (and made it fall as a share of rural population) lay outside agriculture in labour absorbtion by urban-based sectors of the economy. Despite a considerable increase in output, commercial agriculture failed to create additional employment opportunities because of mechanization, land concentration and, in a number of countries, substitution of crops by livestock activities. At the same time, low productivity, high levels of un- and under-employment and entrenched poverty in the peasant sector were directly tied to low technology levels, the physical and social isolation of *campesino* farmers and the limited and dwindling resource base.

Key Trends and Problems

The crisis which hit the economies of Latin America and the Caribbean in 1981-82 and the years following added considerably to the general distress of the rural poor. Many countries in the region had adopted inappropriate fiscal and exchange rate policies during the 1970s and became excessively dependent on external debt. Simultaneously, the recession in, and contraction of import demand in industrialized countries contributed greatly to a sharp drop in the prices of primary commodities, the region's principal category of exports. Latin America's terms of trade declined by some 20% in the period 1980-1987.

In the wake of the adjustment policies carried out in response to the external debt crisis, real per capita GDP declined. Per capita consumption of the region as a whole in 1988 stood at levels reached in the late 1970s. Moreover, investment per capita in Latin America and the Caribbean had shrunk to the level of 1969/70. While urban wage earners have suffered directly from this severe recession, the rural population has been especially hard hit by the drastic decrease in public sector resources available for rural investment and support services in virtually all Latin American and Caribbean countries. Struggling to control their mounting debts, governments focused their adjustment policies on the larger-scale export crop sector, to the further neglect of smallholders.

Macro-economic retrenchment and widespread impoverishment have been the principal trends in this region during the 1980s. Policy responses have been diverse in nature and timing in different countries and have depended mainly upon external economic determinants. There is also a great differentiation in the significance of urban and rural poverty among Latin American and Caribbean nations. For example, while in Haiti some 95% of the rural population is poor, and while between 75% and 80% of the rural dwellers live in poverty in Bolivia, El Salvador, Guatemala, and Honduras, in Argentina and Uruguay only 10% of the rural population falls into this category. On the other hand, Brazil and Mexico alone contain more than half of the region's rural poor. Each country takes its own approach. Nonetheless, the major conclusion and recommendation of the Regional Conference on Poverty in Latin America and the Caribbean (Cartagena, Colombia, 29 August - 1 September 1988), attended by the policy-makers of 21 nations in the region, was that, in spite of the present severe constraints, the Governments of Latin America and the Caribbean must tend to the needs of both the urban and the rural poor by social support programmes and economic policies that include investment projects.

Workers weed pine seedlings at the forestry nursery of Santa Maria Sola in the Chatina region of Mexico as part of the afforestation programme in the mountain communities.

IFAD's Approach in the Region

Based on IFAD's explicit mandate, and taking into account the heterogeneity of social, economic and physical situations in the countryside, three fundamental areas of direct IFAD intervention to effectively combat rural poverty in Latin America and the Caribbean have emerged. These are farm-oriented rural development, household-oriented rural development, and expanding access to land through land reform and colonization. Within this framework, a particular emphasis is placed on responding to the needs of the marginalized indigenous populations.

Farm-oriented rural development projects which focus on increasing production are directed at that category of the peasantry with sufficient productive resources - including land - to absorb productively the majority of family labour. In the first 10 years of IFAD's lending programme, such projects aimed at raising on-farm production and included elements such as credit, technology transfer, soil conservation, water control, transport infrastructure, extension, marketing and the promotion of grassroots organizations. These projects will continue.

For households with little or no access to land, project components must be oriented towards creating income-earning opportunities from a variety of activities, both in-household and in the rural labour markets. In households with holdings of less than one or two irrigated ha or five non-irrigated ha - in need of income derived from non-agricultural activities - the division of labour implies that men work principally outside the farm, mainly in local off-farm operations or as seasonal migrant workers in other regions or countries. In these circumstances, the women become the principal agricultural producers. This implies that investment projects focused on landless or land-short households would have to be tailor-made for the needs and, in particular, for the potentials of women - and, after their return from the seasonal job, of men - to improve crop, livestock and non-agricultural activities at home. Addressing both women's labour constraints and discrimination in their access to institutions and support services must be a special characteristic in the design of such projects.

Any strategy and lending programme directed towards alleviating rural poverty must also take into account the fact that access to land is a critical determinant of rural welfare. IFAD thus contributes in Latin America and the Caribbean to investment and support programmes which aim in particular at enhancing the production capacity and market position of beneficiaries of agrarian reform policies and programmes. Another way of expanding access to land is through settlement schemes. Despite their sometimes adverse impact in the 1960s and 1970s, settlement projects which are cost-effective, environmentally sustainable and, from ethnic points of view can be considered socio-culturally appropriate, continue to be supported.

In this respect, IFAD has committed itself - as recommended by the Regional Conference on Poverty in Latin America and the Caribbean - to continue expansion of the design and financing of projects for indigenous populations in both sedentary and semi-sedentary social systems. Several approaches are being made to Governments and NGOs in the region to formulate development proposals in this challenging field.

IFAD's initial assistance to indigenous people in Latin America was extended through larger-scale, integrated rural development projects which did not exclusively address their particular development needs. Over the years, however, better understanding has been acquired of their special needs and more effective modalities of intervention have evolved. Some of the major obstacles to be overcome are the non-recognition of indigenous languages and land entitlements as well as the encroachment of non-Indian rural settlements on Indian territories. Given the symbolic importance of land in Indian cosmology as a vital link to their traditions and culture, securing land rights has become a specific objective for IFAD.

Equally important is an understanding of the indigenous people's vast, empirical knowledge of their complex environment and their survival techniques in the tough topographic and climatic conditions of their habitat. The Fund has turned special attention to the promotion of such indigenous agricultural staples as quinea, kiwida, oca and tarwi - each of which has high nutritive value. Incomes can also be advanced by the promotion of three indigenous animals: the llama, vicuña and alpaca. And, since many Indian populations are forest dwellers unused to sedentary cultivation, their natural aptitudes for agroforestry make them a valuable asset in a part of the world where deforestation has assumed alarming proportions. IFAD is therefore developing a specific "human ecology" approach to the region's Indian populations, which seeks to draw upon their innate knowledge and wisdom while assuring them a contributing place in the broader development of their countries' agriculture.

Young Andean Indian girls picking carrots in a field on the Altiplano in Bolivia.

Overview of 1988 Lending Programme

Through its lending programme in Latin America and the Caribbean, IFAD addresses the needs and productive potentials of the poor peasant farmers and landless. Most of the Fund's resources have been channelled to countries with a low per capita GDP and a high relative incidence of rural poverty - such as several Andean countries and Member States in Central America and the Caribbean. IFAD has also extended support to other countries of the region where government development policy assigns high priority to the socio-economic emancipation of peasants and disadvantaged categories of people faced with rural poverty. In these countries, the Fund has assisted in the design and implementation of rural and agricultural development projects in backward, isolated and poverty-stricken zones. The main rationale of IFAD's intervention has been in these cases to deal with problems of pockets of poverty referred to earlier through innovative projects of limited size which could thus arouse increasing interest by borrower governments and lead them through a reordering of priorities to support their emulation by other groups of rural poor.

In this policy context, IFAD's Executive Board approved three projects in Argentina, Costa Rica and Venezuela in 1988. In all three, participants are poor farmers and/or fishermen living in absolute poverty in regions with low socio-economic indicators. These are areas in which the governments involved have given fundamental importance to the alleviation of rural poverty and to increasing *minifundia* production.

The **Sucre Support Project for Small Producers** in Venezuela is focused on selected areas characterized by the lowest socio-economic indicators in Venezuela and provides a good example of the household-oriented approach in the region. The main objective of this IFAD-initiated project is the improvement of the income and welfare of some 4 000 poor families of small producers and fishermen. The majority of the beneficiaries consists of peasant farmers with small production units, low-yielding agricultural practices and limitations on the expansion of their cultivable areas. Beneficiaries also include artisanal fishermen from isolated communities on the northern coast of the peninsula of Paria, dependent on inadequate equipment and deprived of productive infrastructure. The project proposes an integrated approach to small producers by ensuring strengthened extension services and providing credit for the application of technical innovation. In the peninsula of Paria, additional investments will be made in access roads, small irrigation schemes, marketing and processing facilities. Fishermen will be provided with a multi-function community centre for catch collection, equipped with cold storage facilities.

Important for the success of the overall project are the provisions made for additional land titling to inculcate increased food security and the incentives which accompany ownership. Promotion and training activities will strengthen the peasant and artisanal fishermen's organizations by developing their cohesion and self-management capacities. They will rely on a specialized team of technicians and on the involvement of public and private institutions experienced in working with organizations of the poor.

The project will emphasize the incorporation of women and young peasant farmers into rural development activities. Extension agents will devote specific attention to women's needs. Women will also benefit from credit specifically allocated on their behalf. Once the project is fully developed, it is expected to lead to a substantial increase in the productivity and output of crops and of fish for family consumption and for sale. It should also provide increased employment opportunities, better remuneration for family labour and better marketing and processing arrangements. The project's income effect is projected to achieve an average four- to five-fold increase in beneficiaries' average net income.

The IFAD-initiated **Programme of Credit and Technical Support for the Small Producers in Northeast Argentina** has been conceived with a view to solving the main production problems of poor, indigenous farmers in the Provinces of Chaco, Corrientes, Formosa and Misiones, thereby improving their living conditions. This first IFAD project in Argentina stresses the organization of *minifundia* farmers and their integration in the national development process through promotion of organized producers' groups. This includes the organization and training of small farmers so as to strengthen their absorptive capacity for institutional credit and technical assistance, the regularization of their precarious land tenure situation, the generation and transfer of appropriate technology for small-scale farming and improvements in marketing. The programme which also explicitly supports the role of women in agricultural production, combines elements of farm and household-oriented development with efforts to secure land entitlements.

The *minifundia* peasant farmers in the Northeast region are characterized by traditional, labour-intensive and low-productive farming practices. Their plots are less than 25 ha, of which less than half on average are under cultivation. Family incomes are significantly below the national average. It is projected that 4 800 farm families would participate in the programme which, in addition to fostering output and incomes of poor farmers, aims at developing a sustainable and productive natural resource base. Because of its pilot nature, IFAD will be closely monitoring the sustainability of the credit operation during project implementation.

The four-year **Northern Zone Agricultural Credit Development Project** in Costa Rica has been developed within the framework of an integrated development plan for the northern zone, to which the Government has given high priority. The project is based on successful farming systems devised and tested by the Tropical Agricultural Research and Training Centre, under a technical assistance grant from IFAD. By contributing to the substitution of basic grain imports and to the increase of exports of other agricultural commodities, the project is expected to help in improving the country's balance of payments while strengthening the incomes of the area's small farmers.

Through the project's credit facilities, technical assistance and advisory services will be made available to 1 800 families (including 200 women-headed households) out of the 4 400 families of rural poor forming the target group. At present, the average net family income ranges between US$ 700 and US$ 800, which barely covers minimum nutritional needs. These income levels are expected to rise to between US$ 3 900 and US$ 4 900 at full development of the project. Credit will be provided only to farmers with less than 10 ha under crops (operating farm holdings of less than 15 ha), where the workforce consists essentially of family members. Priority will be granted to farmers with 3 to 7 ha, and to Agrarian Reform settlers, so that this project also incorporates features of both farm-oriented development and land resettlement. Women's participation is aimed at improving their incomes and their socio-economic status. Credit, training and technical assistance all have specific provisions aimed to assist women.

Summary of IFAD's Lending in the Region

The Latin America and Caribbean region have received a total of SDR 313.4 million (US$ 376.2 million) for 44 projects in 24 countries during the first 11 years of IFAD's operations. Of the total project cost of US$ 1 286.7 million for these 44 projects, IFAD's share of US$ 376.2 million is therefore 29.2% of the total. Other external donors contributed US$ 535.1 million (41.6%) and recipients US$ 375.4 million (29.2%).

In 1988, the Latin America and Caribbean region received three projects for a total amount of SDR 19.5 million. The total cost of these projects is US$ 53.5 million. IFAD's share is 48.4% (US$ 25.9 million), other external donors contributed US$ 9.1 million (17.0%) and governments US$ 18.5 million (34.6%).

Box 3:

WESTERN HONDURAS: LESSONS LEARNED FROM A CLASSIC PROJECT

Farmers selling their produce in the market of Belen Bualcho (Honduras). IFAD's rural development project in the Western Region of Honduras has helped farmers increase food production.

The IFAD-initiated Rural Development Project for the Western Region of Honduras, approved in 1979, is of historical interest because it was among the first to incorporate key elements of IFAD-specificity in participatory rural development in the context of the Latin America and the Caribbean region.

The Western region of Honduras is a steeply mountainous area where shallow soils had been deteriorating dangerously under a traditional agricultural system of slash and burn and shifting cultivation because of an ever shortening cycle. Dominated by large ranches given over to cattle raising, the region had also seen the emergence of commercial agriculture (mainly coffee and tobacco) taking over the best land during the 1960s and 1970s. Small farmers had been forced higher up to less accessible and cultivable plots on which they grew basic grains. With per capita incomes under US$ 66 a year, they lived in small villages with no social services, inadequate drinking water supplies and few accessible roads. These were among the poorest farmers in all of Honduras. They were the specified beneficiaries of the IFAD-financed project.

The project's main mechanism for delivering benefits to the rural poor, 9 000 households, was through the promotion of agricultural committees designed to revitalize the traditional self-supporting capacity of small villages. These committees were to improve access of the poor to resources and agricultural services and more important, to secure land tenure through agrarian reform.

Special attention was given to the participation and employment of beneficiaries in the project, particularly rural women. By the time the project closed at the end of 1987, the agricultural committees - 577 of them, including 111 for women - arranged credit, extension and training and organized beneficiary participation in land reclamation and the application of natural fertilizers. Attention was paid to promotion of income and production increase while encouraging resource conservation. Thus, improved varieties of maize, beans, rice and vegetables were introduced, as well as new techniques for soil conservation, stressing vegetable matter instead of chemical fertilizers and the establishment of terraces, barriers to run-off and no-tillage cultivation systems.

In the case of maize, yields have advanced by up to 40%. Credit uptake through small farmer groups - particularly the women's groups - has exceeded the appraisal target, with repayment rates of over 90%, thus indicating the enhanced profitability of farming operations. Five extension agencies now service the project area. Seventy-six communal centres, 12 main crop storage centres, five health centres, and 86 km of all-weather rural roads have been constructed. Storehouse construction at the farm level has been particularly extensive: 3 087 small silos have been built, reducing substantially the farmers' need to buy grain in the post-harvest season.

Altogether, about 10 300 households have benefited under this early project (114% of the appraisal target). Its evident success in addressing the classic needs of poor farmers forced to the margin of survival has strongly reinforced the IFAD approach in five vital areas: techniques of group formation; specific measures designed to assist rural women which are being followed up in other projects in Latin America and the Caribbean; a participatory approach to small-scale environmental conservation efforts which is also proving immensely beneficial in the African context as recent initiatives in Burkina Faso, Lesotho, The Niger and Senegal exemplify; the development of on-farm research/extension systems, which provided a new and quite promising opening for more recent application in Peru and Madagascar; and the importance of land tenure arrangements to effective rural development as a constant reminder in all poverty alleviating projects in Latin America and the Caribbean.

THE NEAR EAST AND NORTH AFRICA: MEETING THE CHALLENGE OF THE GROWING FOOD GAP

Growth rates in local food production in the Near East and North Africa region fell by nearly a third in the 1970s, and food production per capita has continued to decline significantly. Consumption, on the other hand, has risen at about 6% a year, the gap being filled by rising food imports. Today the region has the highest per capita food imports in the world, accounting for nearly 40% of its total food consumption. The food self-sufficiency ratio has declined from 100% in 1961-63 to 75.6% in 1983-85. If present trends continue, the cost of food imports could rise from the present US$ 30 billion a year to US$ 45 billion by the year 2000. Nonetheless, an estimated 85 million people in the region continue to suffer from poverty and malnutrition.

National leaders of the region are increasingly aware of the growing dependence on food imports. At the Organization of Islamic Countries (OIC) Ministerial Conference on Food Security, held in Pakistan in October 1988, the Ministers expressed "the utmost concern with the deteriorating food security situation" and "the alarming food gap ... in most Islamic countries" and resolved to take joint action to promote domestic food production.

The Status of the Rural Poor

While there is considerable disparity between average rural incomes and average national incomes in the Near East and North Africa region, the people with the lowest incomes are the nomads and farmers who practice dryland farming in areas where rainfall is below 300 mm per year. The majority of these people live below the poverty threshold. Their problems are accentuated by acute fluctuations in rainfall and its uneven distribution during the agricultural season. In some parts of the region, there are crop failures once every four years.

These natural constraints, together with land fragmentation, inappropriate land-use patterns and deficient social and physical infrastructure, have not only reinforced rural poverty processes but have contributed to out-migration, soil erosion and the degradation of natural resources. In some areas, overcrowding of livestock threatens the viability of rangelands and places mounting pressure on watering points.

If left unchecked, the interaction of the semi-arid environment, marginal farming and overgrazing could threaten whole areas with further desertification. Continued depletion of vegetative cover, wind and water erosion, reduction of soil fertility and its water retention capacity and sand dune encroachment are already widely evident.

The situation of small farmers in the irrigated areas of the region is more favourable, due mainly to the availability of water, of appropriate technology, of financial resources and above all of the specialized and autonomous agencies which are lacking in the case of dryland farming. Even the situation of small farmers in the irrigated areas is beginning to regress in some countries of the region. The significant yield increases which have been achieved so far are not being systematically translated into higher or more stable farm income. The limited extent of local markets, the shrinkage of export markets, together with marketing bottlenecks, have witnessed the collapse of farm-gate prices in some areas and their wide fluctuation in others. In some countries, signs of over-exploitation of underground water have also begun to emerge. Furthermore, inadequate provision for drainage has contributed to major salinity problems in some countries.

Towards a Policy Consensus

There is a growing consensus among governments in the region that alternative approaches to the development of the rainfed areas are now needed to alleviate rural poverty, create more work opportunities, increase the food supply and save on foreign exchange. An integrated, multidimensional approach is gaining favour. It focuses on: reforms at the central and local level of institutions responsible for rainfed agriculture, designed to make them more responsive to farmer needs; the integration of livestock development and crop production to diversify the sources of farm income; conservation of soil and water resources and development of rangelands; development of small and medium rural enterprises; research and applications of new technology; marketing improvements; land consolidation; and more emphasis on suitable programmes and projects for women, the landless and semi-sedentary populations in the marginal areas. It is within the context of these elements that IFAD's strategy in the region is evolving.

IFAD's Strategy for the Region

During 1988, IFAD maintained its commitment to and reinforced its support of dryland farming, including the low rainfall areas, specifically by emphasizing projects which contribute to the transfer of suitable and proven technologies for the production of staple foods and the development of forage. These technologies have been developed also with IFAD support and the collaboration of international and regional agricultural research institutes such as the International Centre for Agricultural Research in the Dry Areas (ICARDA) and the Arab Centre for the Study of Arid Zones and Dry Lands (ACSAD) (page 61).

Experimental components designed to improve pastures have been incorporated in some ongoing projects to gain technical experience with the needs of pasture management and rehabilitation. Farmers' associations have been established to participate in the development, exploitation and maintenance of these pasture lands.

On the other hand, as a part of its efforts to consolidate its approach to rainfed areas, IFAD has also placed more emphasis on projects geared towards soil and water conservation, the implementation of institutional reforms, the integration of livestock into crop production and the needs of poor rural women.

Institutional reform and restructuring have particularly come to the forefront of IFAD's project concerns in the region. This involves the reorientation and strengthening of existing institutions and farm support services and, in some cases, the creation of specialized institutions to deal with rainfed agriculture. A process of constructive dialogue is being pursued with governments with a view to the gradual implementation of reforms essential to increase the vitality and productivity of the rainfed sub-sector.

Algerian youth learning how to plant trees. Making sure trees are planted at the right depth increases their chances of survival under harsh conditions.

Box 4:

GOOD INCOMES FROM HARSH CONDITIONS

Fighting erosion in Tunisia.

Few poor farmers have struggled against greater odds than those living in the harsh Sidi Bouzid area of central Tunisia, where the climate has been enervating, the physical conditions hostile and the basic infrastructure of support and services minimal. Rainfall is scarce, ranging from 300 mm in the North of the area to 200 mm in the South. Some 15% of the total arable land has been infested by heavy bush and staf-grass. Rural roads are few and even agricultural tracks inadequate to farmers' needs. The lack of safe drinking water has posed a major problem for households and their livestock.

The IFAD-initiated ***Sidi Bouzid Rainfed Agriculture Development Project,*** *approved in 1985, was designed to improve the production capacity and farm income of about 6 600 small farmers whose source of livelihood depended on rainfed farming. Traditional fallow and extensive grazing in communal pasture was also widely practiced. The majority of the farmers (70%) had an average of 2 ha of land and earned a net farm family cash income of US$ 130 when this project began. The women of Sidi Bouzid were fortunate to obtain potable water for their families and knew nothing of supplementary cash income to meet family needs. A harsh land was deteriorating ecologically under the pressure of poor people dependent on scarce resources.*

IFAD's project aimed to change this bleak picture through the planting of drought-tolerant fruit trees, such as almonds, pistachio and olives, the development of pasture for small ruminants and the establishment of community self-help organizations and support services.

In the years since 1985, Sidi Bouzid has seen remarkable change. Wild shrubs have been removed, pastures developed and fruit trees and forage planted. Farmers have participated with their labour, while the project provided land development works and credit for inputs. In the overgrazed communal lands, small, informal farmers' groups have been formed to plant and maintain - under the support of the project - forage such as acacia and smooth cactus. Some 441 ha of these forage cactus trees have already been planted in communal lands, exceeding the appraisal target by 16%. Farmers without land title deeds have also been encouraged to form groups - the guarantee being group collateral instead of land for obtaining credit. The Government has made it possible for others who work the land to obtain certificates of possession, which can also be used as collateral for credit.

To provide adequate water supply for households, livestock and tree planting, water points have been created and mobile cisterns made available on credit. The maintenance of these water points is gradually being handed over to village users' associations. The project has also provided necessary support services. Rural roads are being rehabilitated. Dipping tanks have been installed for livestock.

The participation of beneficiaries has been a key to the success of the project in exceeding its appraisal targets. Within two years, over 4 400 ha of fruit trees have been planted. Four water points and 10 shallow wells have been established in areas where potable water is needed most, exceeding appraisal estimates by 80%. To help small farmers gain access to water on a continuous basis, 150 mobile tanks have been made available on credit. These supplies are having an especially significant impact on the working and household burdens of rural women in the project area.

These project benefits are reaching over 4 000 of the targeted households in terms of increased food production and the creation of new employment opportunities, particularly for rural women who enjoy unrestricted access to project services. The average annual farm cash income of the majority of farmers is rising toward the appraisal estimate of US$ 1 000. This is a major gain for poor farmers wresting a living from a harsh environment whose productivity is nonetheless rapidly on the rise.

Given the risks associated with the prevailing harsh climatic conditions in the region, IFAD has, to a limited extent, also initiated projects integrating livestock and crop production as a mechanism for diversifying the source of farm income. This approach features the introduction of improved weedy fallow as a replacement for traditional fallow, together with basic infrastructure and support services.

Increasingly, projects are addressing the role of women in development. Attempts are made to analyse the division of labour by gender to bring out the relative importance of the economic and social activities undertaken by women which require support. One important way this support is extended is by ensuring full access of women to all relevant elements of projects financed by IFAD. The number of IFAD loans in the region which have such focus on the issue of women in development has increased from 10% in the early years to more than 80% in the most recent years of the Fund's operations. Projects have provided technical, institutional and financial support for women's day-to-day occupations, including activities for income generation, home gardening, artisanal enterprises, training in home economics, health, literacy, and the provision of drinking water and credit.

A woman weaver in Algeria. Over 2300 rural women will benefit from the Pilot Project in Algeria and Tunisia for the Integrated Rural Development of the Melleague Watershed.

Projects Approved in 1988

During 1988, three new projects were approved in the region: two under the Regular Programme and one under the Special Programme for Sub-Saharan Africa. These projects reflect in varying degrees the regional concerns with environmental degradation in both rainfed and semi-arid areas, with credit provision to diversify farmers' incomes, with enhanced institutional support and efficiency and with the needs of rural women.

The **Pilot Project in Algeria and Tunisia for the Integrated Rural Development of the Mellegue Watershed,** IFAD's first design of a joint project between two countries, focuses on watershed protection and development in an area which is the resource base of marginal smallholders who face a critical level of environmental degradation. Benefiting 7 400 farm families, as well as specific provisions for 2 800 rural women, the project is a pilot effort in the programmes of the Algerian and Tunisian Governments to improve land use in degraded watersheds. It provides the necessary means and support for small farmers to increase their food production and their incomes while, at the same time, arresting further resource degradation. This project also reflects the common determination of the two Governments to jointly harness their efforts to improve the conditions of the low-income populations on their common borders.

Project components focus on infrastructural development through soil and water conservation, pasture improvement, the establishment of irrigation facilities, rural roads and water supplies. Medium- and long-term credit is provided for fruit tree and forage shrub plantations, and short-term credit for the purchase of agricultural inputs such as seeds, fertilizers, herbicides, pesticides and mechanical services to intensify annual crops. Women's economic development is supported through their active participation in training, credit uptake and extension and through income-generating activities such

as poultry production, family gardens and handicrafts. Institutional development stresses the strengthening of the capacity for project implementation. The project will be carried out, under IFAD coordination, as a joint effort in order to maximize its impact, since activities in one country will be important in reinforcing activities in the other. A strong monitoring and evaluation system will be put in place in both countries. It will be particularly attentive to any emerging imbalances in this first cooperative project in agriculture between the two countries.

Such major constraints to increased agricultural production as environmental degradation, lack of inputs (including household water supply), inadequate crop husbandry and inappropriate farming practices are the focus of the **En Nahud Cooperative Credit Project** in The Sudan. This project, which is financed from Special Programme funds, aims at increasing the agricultural production, income and food self-sufficiency of 16 400 drought-affected rainfed farmers. Production increases will be achieved through the extension of simple and environmentally-sound, yield-increasing technology, provision of agricultural credit, promotion of farm and off-farm enterprises and the strengthening of farm support services.

To ensure that small farmers have greater access to credit, the project will promote the establishment and multiplication of farmer cooperatives for the purpose of group lending. Although the cooperative movement in The Sudan dates back to the 1930s, agricultural credit cooperatives face a number of constraints, including inadequate capitalization, inadequately trained staff and lack of savings mobilization. The new cooperatives will have to overcome existing problems as well as such socio-economic drawbacks as a high illiteracy rate, migration of members to urban centres and a general lack of understanding of how cooperatives work. Credit is specifically earmarked for rural women who head about 10% of the households and will be made available for the production of certain food crops in home gardens as well as for the production of field crops.

The six-year **Eastern Regional Agricultural Development Project** in the People's Democratic Republic of Yemen is modelled after the successful IFAD-financed Agricultural Support Services Project and seeks to attack the factors that tend to perpetuate poverty and hinder the development of agriculture in the Eastern Region of Yemen, PDR. It includes the first concentrated effort in Yemen, PDR, to introduce farming methods which will enhance women's agricultural productivity and incomes, reduce their workload, improve family health and nutrition and reduce infant and child mortality. The project will benefit about 9 100 farm families who cultivate less than 1 ha per family and are among the poorest in Yemen, PDR, as well as nomads whose livelihood depends upon livestock.

The project's objectives are to strengthen the cooperatives, the main agencies for development of rural areas, by resolving managerial and other constraints which diminish their effectiveness; make maximum use of resources to help small farmers improve land and livestock productivity; improve irrigation practices to increase water supply to bring additional fallow land into production and meet the water requirements of food crops; provide credit for the purchase of farm inputs; and strengthen extension and animal health services to support agricultural and livestock practices.

Because of the project's multiplicity of components, close monitoring will be required to ensure their harmonious implementation. Careful monitoring of the underground water table will also be required to prevent a lowering of the table that would adversely affect water quality. The net farm incomes of the 9 100 beneficiaries should increase by between 30% and 80%, depending on farm size, crops and type of irrigation.

Summary of IFAD's Lending in the Region

By the end of 1988, IFAD assistance to the Near East and North Africa region under the Regular Programme amounted to SDR 354.3 million for 37 projects in 13 countries. Of the total project cost of US$ 2 723.3 million, IFAD contributed 15.2% (US$ 414.7 million), recipients 55.6% (US$ 1 513.8 million) and other external donors 29.2% (US$ 794.8 million).

In addition, under the Special Programme for Sub-Saharan Africa, IFAD provided SDR 15.4 million (US$ 19.0 million) for two projects in one country.

The cumulative IFAD assistance for the Near East and North Africa region up to the end of 1988 under both the Regular Programme and the Special Programme for Sub-Saharan Africa was SDR 369.6 million (US$ 433.7 million) for 39 projects in 13 countries. The total project cost of these 39 projects was US$ 2 767.2 million. Thus, IFAD's share was 15.7% (US$ 433.7 million), other external donors 29.3% (US$ 809.8 million) and recipients 55.1% (US$ 1 523.7 million).

The total project cost of the four projects approved in 1988 was US$ 96.6 million, with IFAD contributing US$ 46.0 million, other external donors US$ 9.5 million and recipient countries US$ 41.1 million of the total.

GRANTS FOR TECHNICAL ASSISTANCE IN 1988

Cattle weighing in Cameroon.

Traditionally, IFAD has provided technical assistance grants in four programming areas: agricultural research, project preparation, training activities and as components in IFAD projects. During 1988, a fifth area of the Fund's technical cooperation activities was initiated with a grant of US$ 38 000 to SOS Sahel Britain under the newly inaugurated IFAD/NGO/ECP (page 16).

In 1988, under the Regular Programme a total of US$ 9.5 million was approved in grants for all technical assistance activities: US$ 7.3 million for agricultural research, US$ 1.4 million for project preparation and US$ 0.8 million for training. Under IFAD's Special Programme for Sub-Saharan Africa, technical assistance grants totalling US$ 3.2 million were approved: US$ 0.4 million for project preparation, US$ 1.6 million for technical experts and training in IFAD-financed projects and US$ 1.2 million from the Special Operations Facility (SOF) designed to speed and facilitate project start up. In addition, in 1988 for the first time, a technical assistance grant of US$ 38 000 was approved under the IFAD/NGO/ECP. This brought total grants in 1988 under the Regular and Special Programmes to US$ 12.8 million (Table 17, page 129).

Over the 1978-88, period total grants provided under the Regular Programme amounted to US$ 121.4 million, of which research grants accounted for US$ 83.7 million (69.0%), project preparation for US$ 13.5 million (11.1%), project components for US$ 13.7 million (11.3%) and training for US$ 10.5 million (8.6%).

To date, total technical assistance grants provided under IFAD's Special Programme amount to US$ 11.8 million of which US$ 0.7 million (5.8%) was for project preparation, US$ 7.7 million (65.6%) for project components and US$ 3.4 million (28.6%) under the SOF. Chart 8 shows the breakdown of technical assistance grants under the Regular and Special Programmes combined over the 1978-88 period.

Table 17 shows the evolution of technical assistance during 1978-88 under the Regular and Special Programmes.

Technical Assistance Grants for Agricultural Research

In 1988, three new research undertakings were approved, together with additional grants to seven ongoing research programmes. In its Tenth Anniversary Annual Report for 1987, IFAD had stressed four crucial directions for the future of its research-support activities:

(i) adaptive research related to problems faced by smallholders in specific agro-ecological environments. This is to be achieved by strengthening national research institutions and by promoting greater collaboration between national and international applied research activities;

(ii) increased attention to traditional crop research;

(iii) research on low-input technologies, farming systems, agroforestry and alley cropping; and

(iv) technologies for sustainable agriculture which combine gains in productivity with measures to protect and improve the environment, such as the biological pest control.

Each of the three new research undertakings launched in 1988 support one or another of these objectives.

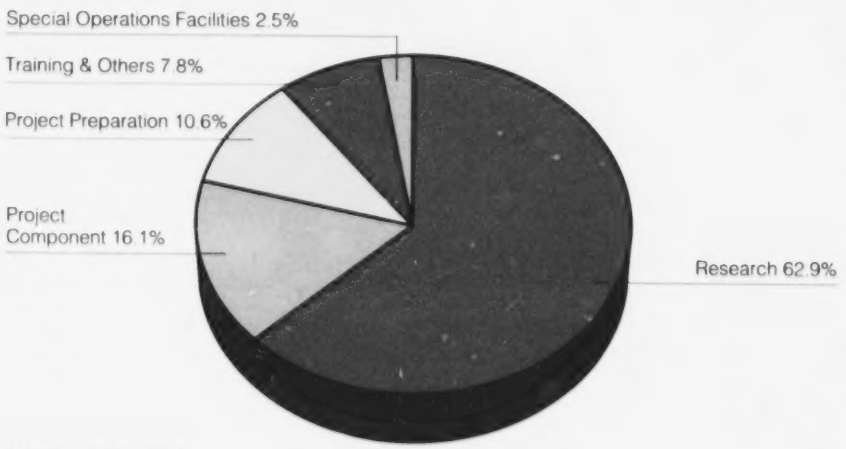
The International Crops Research Institute for the Semi-Arid Tropics (ICRISAT): On-Farm Research on Groundnuts, Pigeonpea, Chickpea, and Transfer of Technology to Semi-Arid Tropic Farmers of India

This new research grant stresses traditional crop development, control of pests and diseases and methods to supplement soil fertility - all in line with the Fund's evolving new directions.

Chickpea and pigeonpea are important pulse crops of dryland agriculture in Asia, Africa, Central and South America. The two pulses constitute important dietary items such as "the protein of the poor" in many ICRISAT countries, especially in the Indian sub-continent.

Chart 8
Technical Assistance Grants
Regular Programme and SPA

1978-88



1988 figures are provisional

However, production of these crops has not received the same impetus as cereal production through the development of high yielding varieties. Moreover, serious losses are caused by diseases and pests which attack the crops in the field and in storage. The major constraints to production are pests, diseases, and the unreliable rainfall patterns of the semi-arid tropics. Small farmers also lack the means to control pests and diseases, particularly seed resistant material which will reasonably stabilize yields of groundnuts and pulses.

This research programme aims to increase the productivity of groundnuts, pigeonpea and chickpea in the semi-arid tropical regions of India. IFAD has committed Indian Rupees 8 788 364, an equivalent of US$ 600 000,[1] for the period 1989-1991.

A major objective of ICRISAT groundnut research is to produce high-yielding breeding lines with resistance to the major stress factors. The programme will test the performance of improved varieties, packages of cultivation practices, improved pest and disease management techniques, and safe storage of seeds on farmers' fields. It will improve the benefits of IFAD projects, directed towards the small, poor, rural landowners. The improvement in food legume production will supplement soil fertility levels and increase farmers' income and nutritional consumption.

(1) This amount will be paid out of India's non-convertible currency contribution to IFAD and the amount stated here has been converted at current market exchange rates. However, on the basis of the exchange rates that were in force when the Indian promissory notes were lodged the amount committed in accounting terms would equal US$ 1.068 million.

The International Centre for Agricultural Research in the Dry Areas (ICARDA): Collaborative Research and Technology Transfer Programme to Increase Barley, Food Legumes and Livestock Production in North Africa

The present challenge in the North African region is to develop technologies to sustain the productivity of the livestock-barley-based systems. IFAD activities in the region will increasingly have to address the food legume situation. Food legumes are important in the diet of low-income people and contribute ecologically to the sustainability of the production systems. Consolidation of previous research on barley-based livestock systems and improved pastures offers promising results.

The newly approved programme will strengthen the research capacity of national programmes in Algeria, the Libyan Arab Jamahiriya, Morocco and Tunisia through a collaborative programme with ICARDA. It will attempt to build on the successful institutional model established under the IFAD-financed technical assistance grant for the improvement of faba bean production in the Nile Valley. It also aims to introduce improved varieties of food legumes (i.e., faba beans, lentils, and chickpeas) while improving livestock-barley-based systems. It seeks to narrow the gap between the yields for these commodities obtained on research stations and on farmers' fields. This is a first phase IFAD grant of US$ 700 000 for 1989-91. Amount of cofinancing by the Government of Italy as a grant for 1989-91 is US$ 2.4 million.

Technical innovations from this programme are expected to contribute to the design of IFAD investment projects in the regions and their adoption by IFAD's beneficiary group.

International Council for Research in Agroforestry (ICRAF): Agroforestry Research for Development of the Drylands of West Africa

Future world food supplies are dependent on the conservation and careful management of the existing natural resource base. With more and more population pressure on existing resources, the environment is being placed increasingly at risk.

Developing investment programmes for agroforestry which can attract farmers' support has nonetheless been extremely difficult. Issues of land tenure and traditional practices have stood in the way of farmer participation. Incentive structures have been difficult to build. This has been the case especially in marginal ecological areas.

The programme of work will complement the research which ICRAF is already doing in agroforestry throughout Africa through a first phase grant of US$ 1 500 000 for the period 1989-1991. It will allow ICRAF to establish a research network for the drylands of West Africa and to place an Agroforestry Regional Coordinator at the Sahelian Centre of ICRISAT in The Niger, to work within the Resource Management Programme of ICRISAT. The programme will undertake a systematic review of land use systems in the region to define the potential role of agroforestry and research priorities to stabilize and improve farmers' production systems. The coordinator will also organize a network among national programmes in the drylands of West Africa.

The programme will attempt to strengthen the existing research capacity and specific IFAD-financed development programmes in the region. It will collaborate with national programmes in Burkina Faso, Mali, The Niger and Senegal, where IFAD has projects. Several IFAD-financed projects in Burkina Faso, Lesotho, The Niger and Senegal are already providing support to national programmes for agroforestry research.

Support for Ongoing Research

The seven research grants for ongoing activities similarly reflect the priorities drawn from IFAD's experience. A third phase grant of US$ 0.8 million will support continued regional research on potatoes in Central America and the Caribbean, particularly by expanding the research to cover sweet potatoes, which are a staple food of the poor in ten countries of the region. A final grant of US$ 0.1 million will round out the last phase of the highly successful research on faba beans in the Nile Valley carried out by ICARDA. Further efforts will be made to extend the dramatic increases in output, in and beyond Egypt, Ethiopia and The Sudan.

IFAD's growing interest in small ruminant production as a source of supplementary income, especially for poor rural women, will be furthered in the third phase of its support for research in this area by the International Livestock Centre for Africa (ILCA). Improved forage and brouse production, focused on the humid and semi-humid zones of West Africa, will compliment ILCA's Small Ruminant Meat and Milk Thrust Programme.

The Africa-wide Biological Programme of the International Institute of Tropical Agriculture (ITTA) will gain added support under the successful multi-donor project organized by IFAD to combat cassava mealybugs and green spider mites by introducing their natural predators into the region. The funding will also promote identification of the natural enemies and a control strategy for the larger grain borer, *Protephanus truncatos*, accidentally introduced into East Africa from Central America, and now spreading to Southern Africa. Biological control of crop borers is also the aim of IFAD's US$ 0.85 million grant to the International Centre of Insects Physiology and Ecology (ICIPE), which will move to field trials of parasites and pathogens in this next phase.

A part of the IFAD grant of US$ 0.8 million for farming systems research under the Semi-Arid Food Grain Research and Development (SAFGRAD) in Africa programme, will go to the establishment of a farming systems research network to strengthen national capabilities in several semi-arid countries of the region. A final grant of US$ 0.8 million will also be provided to ACSAD to extend its successful trials of drought-tolerant, high-yielding wheat and barley and for experiments in crop rotation, tillage depths, weed control, fertilizer levels and types of ploughs best suited to dryland farming.

Technical Assistance Grants for Project Components

Technical assistance grants have also been provided as components of IFAD-financed projects to support the institution-building efforts of low-income Member Countries by meeting a part of the project costs of technical experts and training of project staff on a grant basis. A total of 31 projects under the Regular and Special Programmes have technical assistance components provided as grants. In 1988, two such grants were provided under the Special Programme for Sub-Saharan Africa for a total of US$ 1.6 million. In Mali, US$ 0.9 million was approved as a grant to help finance technical experts in programme management, including an administrative and financial advisor as a rural engineer as well as consultancy services for oasis agriculture and pasture management. In The Sudan, an IFAD grant of US$ 0.7 million would be used to support the promotion of cooperatives by financing cooperative formation, training, Monitoring and Evaluation (M&E) field studies and the provision of an Extension Training specialist.

Technical Assistance Grants for Project Preparation

In addition to supporting agricultural research, IFAD's technical assistance grants are also used to speed and enhance project preparation under both the Regular Programme and the Special Programme for Sub-Saharan Africa.

During 1988, IFAD made grants totalling US$ 1.8 million for project preparation in eight projects under the Regular Programme (US$ 1.4 million), three projects under the Special Programme for Sub-Saharan Africa (US$ 0.4 million) (page 130). These 11 grants for project preparation were provided mainly to countries eligible for IFAD loans on highly concessional terms or, in other cases, where the grants serve as advances for recovery against the IFAD loans which materialize.

Technical Assistance Grants for Training

In an effort to assist the Governments of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua in conceiving and carrying out well-balanced agricultural investment programmes, as well as in the identification, preparation, implementation and M&E of high priority agricultural and rural development projects, IFAD has approved a technical assistance grant of US$ 800 000 for the Regional Unit for Technical Assistance (RUTA): US$ 600 000 would be for a three-year first phase and US$ 200 000 for a two-year second phase. These technical assistance grants for RUTA are a follow-up to two other grants approved for RUTA by IFAD's Executive Board in 1980 and 1983 for US$ 600 000 and US$ 300 000, respectively. Cofinancing for these

technical assistance grants totals US$ 4.2 million, of which US$ 1.2 million is from UNDP, US$ 2.6 million from the Government of Japan and US$ 0.4 million from the Inter-American Institute for Cooperation on Agriculture (IICA). The beneficiary governments are providing an additional US$ 1.3 million.

The major objectives of this grant would be to further strengthen and create national technical units responsible for sector work, planning, preparation implementation and M&E of agricultural programmes and projects. The grant would also make improvements in programme and project management and implementation, provide in-service training and other types of manpower development to the staff of national institutions involved in agricultural and rural development policies and to contribute to better coordination of donor activities in areas of agriculture and rural development in Central America.

The ongoing training activities of the Agricultural Management Training Programme for Africa (AMTA) also continued to receive IFAD support in 1988.

AMTA was initiated in 1984 to improve managerial capacities in the smallholder sector of sub-Saharan countries. The Programme is being financed through a series of IFAD technical assistance grants to the Scientific, Technical and Research Commission of the Organization of African Unity (OAU/STR) and through contributions from the African Development Bank (AfDB) and the Economic Development Institute (EDI) of the World Bank. The Programme's main trainees are project managers and senior project staff from agricultural and rural development projects financed by IFAD, AfDB and the World Bank. So far, two sub-programmes in six anglophone Southern African countries and seven francophone West African countries have been completed.

The third sub-programme, launched in 1988, will benefit approximately 130 participants in seven anglophone countries. Following a Needs Assessment Survey undertaken in the seven participating countries, the training curriculum was revised to suit the specific needs of the participants and enriched through the addition of a number of African case studies. Residential courses commenced in September 1988, in close cooperation with regional and national African training institutions.

In 1988, IFAD also organized two regional training workshops on project evaluation, implementation and M&E in collaboration with the Arab Organization for Agricultural Development (AOAD). The first workshop was held in Morocco and dealt with issues on the whole gamut of project cycle activities, from identification to project appraisal and the M&E of agricultural and rural development projects. Approximately 26 participants from Djibouti, Mauritania, Morocco, The Sudan and Tunisia attended.

The second workshop was held in Tunis (Tunisia) and concentrated on the M&E of rural development projects with a focus on implementation issues. Thirty participants from Algeria, Djibouti, Mauritania, Morocco and Tunisia attended.

Special Operations Facility (SOF)

Under IFAD's Special Programme for Sub-Saharan Africa, the SOF was set up to provide both technical and financial assistance to the concerned Member Governments for expeditious formulation and implementation of projects and programmes to be financed under the Special Programme. These grants have been used for some critical aspects of implementation arrangements, such as soil surveys, detailed engineering designs and field trials, which if not taken up on a timely basis could delay implementation of the project. The SOF funds could also be used for undertaking pilot efforts before launching projects of a larger scale. In 1988, six countries received SOF grants totalling US$ 1.2 million: Burkina Faso, Guinea, Lesotho, Mali, Senegal and The Sudan (Table 18, page 130). To date sixteen SOF grants totalling US$ 3.4 million have been approved.

ENVIRONMENTALLY SUSTAINABLE RURAL DEVELOPMENT

Introduction: The Global Concern

Rural development must be environmentally sustainable in order to have a lasting impact on the poor. The growing global interest in environmental sustainability includes a strong concern to conserve and enhance the agricultural resource base which is increasingly threatened by degradation through deforestation, soil erosion, desertification, salinization and the like.

The global concern for sustainable development is not unfounded. The drought years of 1972-74 and the early 1980s in Africa led to an awareness of the fragility of agro-eco-systems. After a return to a normal production trend, with excess world stocks of cereals in 1986 and 1987, the severe drought in the United States in the summer of 1988 raised again the spectre of renewed worldwide food shortages. The prognosis is that the global food production system faces possible long-term climatic changes which, compounded by the greenhouse effect, may accelerate further the process of resource degradation.

This chapter of the Annual Report deals with environmental sustainability as distinct from financial sustainability. From the point of view of IFAD's operations, the issue of environmental sustainability is critical for two important reasons. First, as an international financial institution the Fund is concerned with the longer-term financial sustainability of its investment projects and programmes. In the context of agricultural and rural development, financial sustainability cannot be achieved unless activities are environmentally sustainable. Simply stated, if a resource base is depleted because of a particular activity, then the economic base of that activity is automatically eroded over the longer term.

Second, rural poverty, malnutrition and undernutrition are closely linked to environmental degradation. It is known that poverty contributes to the process of degradation, which depletes natural resources and in turn accentuates the suffering of the rural poor, IFAD's target group. It is natural, therefore, that the Fund has taken an interest in reversing the negative linkage between poverty and environment into a positive systemic relationship.

The depletion of forest cover in search of cultivable land and/or fuelwood threatens agricultural sustainability with serious consequences for the rural poor. IFAD feels that with appropriate policy and technological support these poor populations can be mobilized to promote forest regeneration and more stable farming systems geared to soil conservation. Such upstream measures can also help solve the interlinked problems of downstream siltation and flooding, which further jeopardize the life support systems of the poor.

Land degradation and desertification in arid and semi-arid areas is taking place at an alarming rate due to climatic changes, overgrazing and inappropriate agricultural practices. The poor agro-pastoralists and herdsmen are cited as both perpetrators and victims of this phenomenon. IFAD's experience suggests that it is possible to draw on the creative potential of the poor people to change deserts and semi-deserts from a "threat to life" to a "provider for life".

The purpose of this part of the Annual Report is first of all to trace the evolution of the Fund's understanding of environmental issues. This is followed by a discussion of why systematic programming for resource conservation and enhancement represents a difficult challenge and IFAD's response to this challenge. The next section enumerates the poverty-related factors contributing to environmental degradation. It also sets the stage for the following discussion on how IFAD projects have specifically dealt with these factors. The final section summarizes the outcome of deliberations of the IFAD-organized International Consultation on Environment, Sustainable Development and the Role of Small Farmers, in Rome from 11 to 13 October 1988,[1] and indicates the future direction of IFAD's operations in this area.

(1) The Government of Norway sponsored this Consultation through a financial contribution on the occasion of IFAD's Tenth Anniversary.

The Evolution of Understanding Within IFAD

The Fund has recognized that it is not enough to avoid further degradation of the environment. Equally, if not more important, is the need to restore and enhance the productive capacity of the environment so that smallholders can meet the food requirements of a growing population. With this end in view, IFAD has initiated action in four directions: (i) collecting in Special Programming and Identification Mission reports available information on the state of the environment and the resource base of the smallholders; (ii) incorporating simplified environmental impact statements in project appraisal documents; (iii) introducing components directly addressing environmental concerns; and (iv) designing projects with a broader-based focus on resource conservation and resource enhancement.

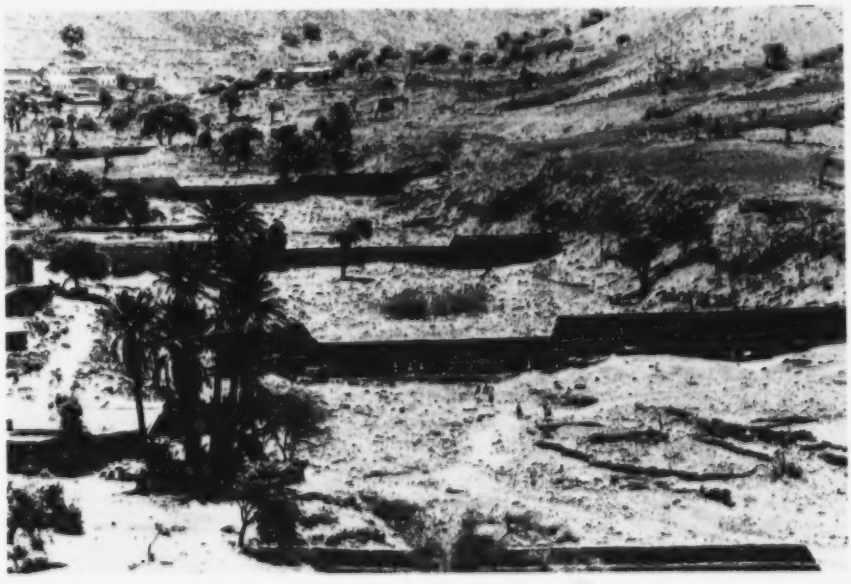
While IFAD has always considered the environmental factors related to its various projects, in recent years much greater emphasis has been given to directing project activity in a manner which can have a positive environmental effect. Since 1985, projects under IFAD's Regular Programme have started addressing, as appropriate, environmental and resource conservation issues more systematically, relying on the accumulated experience in the field. This effort gained further momentum under IFAD's Special Programme for Sub-Saharan Africa.

Even during the Fund's relatively short exposure to environmental issues, three lessons have emerged very clearly: (i) IFAD cannot fulfill its mandate of rural poverty alleviation if its projects or programmes have an adverse impact on the resource base of the poor; (ii) in the context of project formulation, the relatively short disbursement period has to be reconciled with the necessarily longer-term dimension of resource conservation and enhancement; and (iii) rural poverty alleviation programmes and projects should be designed and implemented, where appropriate, within the framework of an internally self-sustaining, conservation-oriented, participatory rural development strategy. In other words, IFAD's strategy must have its roots in the people, must raise their well-being, both in the short- and the long-run and above all, must be sustained by them. This lesson of strategy has become the central objective of all IFAD's projects and programmes, reinforced by the Fund's experiences with credit delivery to the rural poor and with research-extension linkages, as discussed elsewhere in this Report.

A Difficult Challenge

The experience of IFAD and other international financial institutions points to a number of difficulties in addressing questions of longer-term environmental sustainability in a systematic, effective and coherent manner. To begin with, there is an internal contradiction within a development approach which promotes savings and investment for productive capital accumulation, on the one hand, while giving inadequate provision to arrest the process of capital decumulation through environmental degradation, on the other. This contradiction is caused by a number of conflicting factors.

First, the promotion of environmental sustainability implies that inter- and intra-generational equity considerations be reflected in the decision-making of individuals as well as of governments. The problem here is that present needs might be difficult to reconcile with the needs of future generations. The basic inequity in distribution of economic and political power does not foster a reconciliation of present with future needs. In addition, the planning horizon of both individual rural families and governments of low-income countries is, by necessity, short term.



Check-dams for soil and water conservation are an integral part of the Assomada Agricultural Development Project in Cape Verde.

Throughout the world, both large and smallholder farmers are putting excess pressure on the land. In many regions, the relatively affluent large farmers and ranchers have often tried to maximize short-term profit by adopting inappropriate technology and extensive cultivation. This has led to environmental degradation and resource depletion - for example, in Botswana, The Sudan and the Amazonian area of Brazil. At the same time, members of poorer households, whom IFAD tries to reach and who live in resource poor areas, also often try to maximize output over the short-term. Under internal population pressure and external market and non-market forces, they tend to move from traditional systems, which are inherently conservationist in nature, to more intensive and extensive systems which exhaust soil fertility or deplete soil cover. Considerations of longer-term resource conservation will not enter the decision-making process of the poor without the assurance of short-term satisfaction of their basic needs.

From IFAD's viewpoint, placing the environmental sustainability of a poverty alleviation project within the five- to seven-year time horizon of the usual development project is not realistic. Yet farmers cannot generally afford to think and plan within longer time frames. Thus, the challenge is how, through crop intensification and other similar programmes, to create incentives which sustain longer-term investment. While local savings and labour mobilization can provide some complementary resources for conservation-oriented projects, it may not be enough to fully ensure environmental sustainability. Projects requiring phased support over a longer time period should not be treated as though new resources are being devoted to correct mistakes of the past. On the contrary, in order to ensure a satisfactory economic rate of return, the relatively shorter term project/programme interventions should be designed to keep in mind that the effort may need to continue over a 15-20 year period. Recent IFAD-financed projects for Orissa in India and in Lesotho and Mali provide such examples.

Second, related to the above, the priorities of low-income developing country governments are too often influenced by short-term crises, due to fiscal or balance of payments positions, natural disasters or political uncertainties. These governments find themselves unable to accord a high priority to the questions of longer-term sustainability. The Fund, through policy dialogues with recipient governments and other international financial institutions, has catalyzed resource allocations designed to rehabilitate and enhance the resource base of smallholders. An increasing number of projects under both the Regular and the Special Programme for Sub-Saharan Africa fall into this category.

Third, in many situations it is difficult both to penalize those who contribute to environmental degradation and to make those who benefit from conservation pay for it. The spread effects to distant areas of deforestation, soil erosion and overgrazing are well known. The well-being of IFAD's beneficiary populations who are located on steep slopes or those who are located in the valley bottom cannot be addressed in isolation, one from the other. IFAD has found that the best course often lies in the development of the watershed as a whole. This was the case in Orissa in India, in Northeast Thailand and in the Mellegue Watershed on the Algerian/Tunisian border, where the objective was to internalize the externalities for the benefit of the low-income population.

Fourth, socio-economic relations which generate and perpetuate poverty traps and their link to environmental degradation are complex. A fuller understanding of these is difficult and time consuming, but it is essential to devising and adopting appropriate resource conservation and poverty-alleviation measures. The Fund, through its Special Programming and Identification Missions, is trying in particular to improve its understanding of these socio-economic relations and physical processes. Recent IFAD-financed projects are targeted more precisely at the poorer rural households and respond more effectively to issues of environmental degradation which directly influence the socio-economic status of these populations.

Fifth, systematic data on the dimension, causes and consequences of environmental degradation are difficult to come by. There is a lack of effective mechanisms for the generation and dissemination of such data in most of IFAD's beneficiary countries. This obviously is a serious bottleneck to project and programme formulation and implementation. Both resources and time are necessary to generate and process relevant data. As a member of the Committee of International Development Institutions on the Environment (CIDIE), and through close consultation with UNEP, the NGO community and International Financial Institutions (IFIs), IFAD is seeking the best ways to assist governments and local communities to compile the data required. This will greatly improve the environmental quality of the projects which the Fund finances for the benefit of the poorest populations in agro-ecologically vulnerable regions.

Sixth, investment in resource conservation can at times be beyond the financial and technical capacity of local communities or even national governments. As indicated in the review of the Fund's operations above, IFAD has increased its allocation to conservation-oriented activities benefiting the rural poor to almost 50% of total lending and has mobilized from other external donors over one US dollar for two from its own resources.

Seventh, resource conservation and enhancement often call for coordinated and/or joint efforts between communities and sovereign governments. In the case of the Mellegue Watershed, referred to above, IFAD for the first time in its history has successfully brought two countries - Algeria and Tunisia - into joint support of a major resource conservation and enhancement effort. The Fund has also successfully initiated the formulation of a joint development strategy for nomadic pastoralists among Algeria, Mali and The Niger, with the first project for Mali being approved by IFAD's Executive Board in December 1988.

Eighth, conservation activities are both labour and knowledge intensive. In reality, however, in most cases such labour is either unavailable or insufficient incentive is built into the system to encourage the desired labour reallocation in the community and the individual household. In IFAD-financed conservation-oriented projects such incentives have been provided in the form of (i) support for crop intensification (e.g., in Guinea, Mali, Senegal); (ii) free/subsidized distribution of inputs and equipment (e.g., in Burkina Faso, Lesotho and Senegal); and (iii) FFW programmes through WFP (e.g., in Ethiopia, Mauritania, Mali and The Niger) to ensure income support in the short-run for the implementation of the long-term improvements. Additionally, given the complexity of the physical and biological processes at work, traditional local knowledge of conservation of the rural poor may have to be supplemented by specialized expertise, a resource not readily available. In its projects and programmes the Fund is allocating resources, as necessary, for technical assistance and also for extension and training of beneficiaries in conservation techniques.

Ninth, investments in sustainable development should themselves be sustainable, a condition not easily fulfilled without full beneficiary participation. While there is increasing recognition of the importance of such participation, actually assuring it is extremely difficult. However, IFAD's stress on participation, similar to that found in many NGOs, is demonstrating new ways in which this can be brought about.

Beneficiary participation is the key to the success of all IFAD-financed projects. It has been particularly highlighted in conservation-oriented projects because the Fund realizes that without effective beneficiary participation such projects cannot be initiated, let alone be successfully implemented. Participation is also considered crucial in tackling the problem of common property resources and in ensuring that such projects become internally self-sustained. The same concept of participation must be extended to extension and research to make them relevant to poor people. The Fund has engaged local groups of the poor in the preparation, design, implementation and evaluation of conservation-oriented projects. Examples from projects approved in 1988 include Algeria/Tunisia, Guinea, Lesotho, Mali and Senegal. At the same time, IFAD has joined hands with NGOs in resource conservation and enhancement in Bangladesh, Orissa in India, Mali and The Sudan.

Tenth, past investments by national and international agencies in agricultural research directed at poor smallholders for the protection and enhancement of their resource base have been inadequate. Even less attention has been paid to pre-emptive research in anticipated problems which the poor are likely to face in the future, as a result of current development and resource use patterns. This is partly due to the lack of an effective monitoring and feedback mechanism at the micro-environment level.

As discussed elsewhere in this Report, IFAD's research and technical assistance support focuses exclusively on issues and problems confronted by the Fund's target groups. In this context, the problems of environmental degradation and resource conservation in particular have naturally received a great deal of attention. The purpose of all research support by IFAD has been to develop technologies which have direct relevance to the needs of poor smallholders and which have the potential for being diffused through Fund-financed projects and programmes. Investments in resource conservation are thus complemented, where feasible, by the development of appropriate conservation technologies which are cost-effective and can easily be adopted by the Fund's beneficiaries. In addition, the Fund has placed great emphasis on the monitoring of environmental changes in its projects and made appropriate financial provisions for it.

Finally, governments have been slow to implement necessary policy and institutional changes conducive to resource conservation and enhancement benefiting the rural poor. One reason for this is the methodological lacunae in the development of indicators of gains from conservation activities which can be easily understood by macro-policy makers. IFAD is following the work of UNEP, universities and research entities in this area in order to reinforce its policy dialogue with Member Governments with persuasive arguments and hard data. This is crucial for the Fund in order to make its conservation-based poverty-alleviating projects attractive to decision makers, even if the full benefit only accrues over a relatively long period of time.

Factors Contributing to Environmental Degradation

Many factors, natural and man-made, alone or in combination, contribute to environmental degradation. While both small and large farmers contribute to environmental degradation, the latter may in some cases initiate the process of degradation by pushing poor small farmers into ecologically fragile, marginal areas.

Land Use Pattern

The pattern of land use affects the environment and its carrying capacity and has a directly detrimental effect on the rural poor. This is apparent in the adverse effects of large-scale ranching in Botswana, large-scale mechanized agriculture on traditional grazing land in The Sudan, the clearance of Amazonian forests and ranching and commercial logging in Indonesia, The Philippines and Thailand. The result in The Sudan is the loss of trees and seed stock, fuelwood supply, soil fertility and grazing land for the poor farmers and herdsmen. At the same time, smallholders and pastoralists are pushed into marginal areas and deprived of their traditional grazing rights and therefore forced to practice over-grazing.

Cropping patterns also have substantial impact on the environment. For example, cassava, the drought resistant "poor man's crop" which is well adapted to marginal lands, can nevertheless rapidly deplete the soil of its nutrients. In order to meet their basic food needs, smallholders and the rural poor often cultivate annual food crops, such as maize, intensively on steep slopes. This can accelerate soil erosion unless combined with the planting of perennial crops and other conservation measures. IFAD has been promoting such measures in the mountainous regions of the Himalayas (e.g., Bhutan, Nepal, North-West Pakistan), the Andean highlands (e.g., Bolivia and Peru) and the Caribbean (e.g., Haiti and Jamaica). An IFAD SPM to Indonesia has concluded that the excessive focus on rice production in the lowlands neglects upland farming and has added to the suffering of the poor in the agro-ecologically marginal areas of Java. The Fund has therefore recommended a strategy of crop diversification and increased emphasis on tree crops to conserve the resource base and also expand the income-earning opportunity of the small and marginalized farmers. Similarly, Special Programming and Project Identification Missions have revealed that a rapid and recent expansion of areas under export crops in Ghana (cocoa) and Senegal (groundnut) is leading to deforestation and land degradation. Future IFAD-financed projects in all of these countries will have to address these issues.

Demographic Pressure

(a) *Population Growth and Environmental Degradation*

Population pressures clearly accelerate the process of poverty-induced environmental degradation. Poor households often prefer a large family size because more labour substitutes for the lack of capital. Availability of family labour also means that households can diversify income sources into off-farm employment in rural areas or as migrant labour in urban areas and when possible abroad. Moreover, in traditional societies without official social security systems, additional family members represent additional insurance for old age. These factors lead to the gradual decline in per capita availability of land and other resources through the impact of high population growth on the laws of inheritance. As the resource base of the poor is fragmented, intensive

and often inappropriate land use becomes imperative for immediate survival. Thus, socio-economic factors inducing rational individual decisions to expand household size can easily lead to cumulative and unsustainable demographic pressures on a fragile resource base. Once the threshold of carrying capacity is crossed, the cumulative causation of poverty and environmental degradation is hard to reverse. This is especially so because of the lack of economic opportunities outside agriculture. IFAD's strategy has been to provide credit and institutional support to create employment in micro-enterprises in rural areas so that the pressure on land can be reduced.

(b) *Livestock Population and the Carrying Capacity*

In almost all developing countries, extensive livestock-keeping is putting rangeland under increasing pressure. Here the lessons of survival teach that the more animals each individual has during a drought period, the greater the chance to have some source of food and at the end be left with the odd animal as a base upon which to rebuild a herd. Thus most pastoralists (and for that matter many non-pastoralists) find that the best method of saving and of guaranteeing food security is through a large number of animals.

The problem of over-stocking by nomads and pastoralists has been aggravated by the fact that no technical package exists to dramatically increase the carrying capacity of arid or semi-arid grazing lands. One small ray of hope is the introduction of fodder trees and forage shrubs. The contribution forage shrubs can make is usually limited, however. Their yield potential in very dry areas is low, and the labour input required to cut and carry adequate foliage for a nomadic flock or herd is often unavailable. In terms of environmental protection, on the other hand, forage shrubs, and agroforestry in general, have a potentially important part to play. Especially in some dryland situations where the productive capacity of the land is still a fraction of what it could be, improved management practices in which the poor themselves fully participate can do much to alleviate over-grazing and improve farming systems.

The only other possible avenue to provide incremental feed to pastoral grazing herds is the development of groundwater in grazing areas where no water presently exists. The full extent of such groundwater availability is not known, yet the total extent is not likely to be great and the incremental feed which could be contributed to pastoral livestock is not large. The alternative to grazing is stall feeding. However, feed stock has to be obtained through either imports or domestic production. Both are domestic resource and foreign exchange intensive.

Land Ownership and Land Tenure Structure

(a) *Security of Access Rights to Land*

Lack of security in land ownership and tenure, particularly for marginal smallholders, is a major factor in their reluctance and inability to invest in improved land management. IFAD has found that in the sub-Sahara, while individualization of arable land tenure is important for the adoption of conservation practices, the traditional usufruct systems can also provide the security needed in the view of many farmers. However, in countries of Asia, Latin America and the Caribbean where land distribution is skewed and land is usually leased to smallholders, adoption of soil and conservation technologies is more problematic. Smallholders in the hills of Jamaica were willing to invest in conservation and coffee planting on land which they own. However, this was not so for food crop production in areas not owned by the farmers. Farmers in Latin America and the Caribbean and Asia who cultivate land under lease and share cropping arrangements are also less willing to take up credit for irrigation equipment if they do not have secure access to the land.

(b) *The Problem of "Open-Access" Resources*

Common-property rights to grazing land, forests, fishing waters and other resources are often cited as contributing to environmental degradation - the so-called tragedy of the commons. However, this is so mainly where traditional mechanisms and controls on individual access within a communal system break down. This can happen because of demographic pressures, encroachments on the resource base from large-scale commercial concerns, or the introduction of new technology and other such factors. The "open-access" problem which emerges is that each individual user is constrained only by his or her ability to exploit the resource, since he or she does not pay the cost of any resulting degradation or depletion. Only when the resource nears exhaustion or is severely degraded does increasing scarcity begin to bind on all users - and often disproportionately on small-scale ones. The rapid changes under way in many pastoral areas may be transforming common-property resources into 'open-access' resources, where traditional communal management institutions no longer apply.

In the Yemen, PDR, as in the entire Arabian Peninsula, the traditional *Hema* system practiced for range control of common land evolved within the framework of tribal

authority. The control involved: (i) no grazing and cutting of trees at certain times or seasons; (ii) specification of the kinds and numbers of animals; (iii) reservation of areas for bee-keeping; and (iv) areas set aside for forest trees. With the gradual expansion of the governmental authority into the domain of tribal control, the *Hema* system could no longer be effectively managed. Since no alternative institutional framework was introduced to control range utilization, overstocking has resulted. An IFAD SPM to Yemen, PDR, which analysed this problem, suggested that consideration be given to having *Hema* reserves controlled by Bedu cooperatives (to be formed). These cooperations would have exclusive rights of management to reserves, while livestock would still be under individual management. The problem, however, is whether the cooperatives would be able to coordinate the livestock investment policies of their individual members.

Drought refugees in Mauritania.

Poverty and Socio-Economic Processes of Marginalization

The interaction of the above-mentioned factors can mean that poor people under marginal environmental conditions frequently have no choice but to opt for immediate economic benefits at the expense of the long-run sustainability of their livelihoods. The result is that, once the "cumulative causation" process between poverty and environmental degradation sets in, risk and uncertainty become ingrained in economic activities. This is a double-edged process. In the face of increasing environmental degradation, poor rural households are constrained by the risk and uncertainty threatening the security and sustainability of their livelihoods to shorter time horizons and restricted choice. For example, poor households' use of dung for fuel rather than for fertilizer reflects the fact that they do not have any other choice.

Shortcomings in the Current Policy and Institutional Framework

(a) *International Policy Constraints*

International policy constraints contribute to the aggravation of environmental degradation. Many developing countries are confronted with the combination of rising debt servicing requirements and a long-term decline in world commodity prices. Their predicament is further exacerbated by growing protectionism in industrial countries. As a result, developing countries often find themselves having to bias investments towards sectors which can meet production targets and boost export earnings in the short term, if necessary through large-scale commercial operations which do not have any conservation concern. Investments in the smallholder sector, in poverty alleviation and natural resource management are thus given low priority. IFAD's target groups suffer disproportionately. Hence the need for complementary investments by the Fund to enhance the capacity of these populations to deal effectively with the adverse consequences of external factors beyond their own control and even sometimes beyond that of the Member Governments.

(b) *National Policy Constraints*

National agricultural policy orientations may also be harmful. Pricing policies favouring imported food at the expense of local crops, subsidized capital to expand commercial operations, subsidies for the adoption of imported machinery or of Green Revolution technologies, taxes on smallholder export crops - both directly and indirectly through over-valued exchange rates - and the extension of subsidized agricultural credit not targeted at the poor farmers, may singly or cumulatively undermine the sustainability of many smallholder and pastoralist systems. In effect, low public investment in rural infrastructure, the lack of price incentive and inadequate access to modern agricultural inputs and services discourage investment in environmental conservation. The resulting under-valuation of land may further accelerate over-use and degradation.

Low investment in off-farm employment in rural areas may also contribute to further degradation of the environment by encouraging over-use of the existing resource base. As indicated earlier, the interlinked problems of poverty and environmental degradation cannot be resolved within the scope of the agriculture sector alone. There is an urgent need to take pressure off the land. One way to do this is to increase investment in rural off-farm activities to meet rural employment and income needs of the poor households.

(c) *Lack of Institutional Arrangements*

Institutional arrangements are important for all agricultural development, but more critically so when the environmental sustainability of agriculture for poverty alleviation is the objective. Institutional arrangements have to take into account the perceptions of poor farmers about their environmental problems, their limited resource base and their declining capability to deal with risk and uncertainties. Such arrangements should be flexible, close to the people and should reflect their local conditions. All institutions addressing the issues of the environment in marginal areas - whether through credit, input delivery, research, extension or training - therefore, need to re-orient their operations. Their staff need to work closely with the poor beneficiaries within an interactive structure. They need to assist and motivate the poor in creating an internally self-sustained participatory system of resource management and enhancement. This is surely lacking now. The situation is made worse by inadequate decentralization of the decision-making power.

(d) *Inadequacy of Institutional Coordination*

The need for the introduction of a coherent and coordinated management of the agricultural support systems under marginal environmental conditions is urgent. The proliferation of ministries and departments adds to the present state of confusion in many countries, making it difficult to formulate and implement systematically sub-sector and/or sector-wide policies. Better policy and institutional coordination can smooth out rivalries over widely varying budget allocations, thereby saving time and resources and helping to assure that the needs of the poor will not be ignored.

Shortcomings of Presently Available Methodologies for Project Analysis with Respect to Issues of Sustainability

Shortcomings of project analysis techniques to incorporate environmental concerns in a fully integrated manner have been a contributing factor to inadequate environmental investment. Environmental Impact Assessment (EIA) is a method which is used widely to identify and summarize the potential or perceived environmental effects of a project. EIA provides a baseline assessment and facilitates the anticipation of unintended consequences. However, the wide range of potential secondary effects can often make such assessment a difficult task, wrought with a fair amount of uncertainty. Further, such assessments tend to emphasize how to avoid negative environmental impact rather than how to build a more positive environmental setting.

Difficult problems arise when costs of environmental degradation and benefits of conservation have to be analysed in order to assess their economic impact. In particular, the exercise measuring the impact of the environmental component of projects should also include the calculation of the eventual cost of further environmental degradation that would result from not acting in time and in appropriate ways. The difficulties are both conceptual and operational and relate to the reliability of measurements and the availability of data. Because of these difficulties the evaluation of environmental and sustainability aspects of project analyses has remained largely at qualitative or quasi-quantitative levels.

Two important conceptual and measurement problems are the use and determination of the discount rate and the measurement and accounting of externalities. Discounting is necessary because of the inter-temporal nature of costs and benefit streams. The most problematic aspect here relates to the penalizing effects of long gestation of projects where a large share of benefits accrue in the medium- to long-term. Soil conservation or agroforestry projects are good examples, in this regard.

The long gestation periods typically involved in both beneficial and adverse environmental effects raise questions about the appropriateness of the discount rates commonly used. For example, in an agroforestry project the returns from the tree crops or the benefits in terms of land generation appear only after a period ranging between ten and twenty years while the costs start immediately. With discount rates like 10%, under conventional cost-benefit analysis the project may not seem attractive although the long-term consequences of doing nothing can be catastrophic. The question therefore is how to measure such consequences quantitatively in order to build them into the project analysis in the first place. One cautionary note is that a lower discount rate may lead to investments which in aggregate could involve greater and faster depletion of natural resources. Thus, the relationship of the discount rate and the depletion of the environment should not be regarded as completely unidirectional.

Environmental projects often have effects that are "external" to the direct costs and benefits of the project itself and have usually been viewed as interesting examples of market failure. Attention has therefore been given to appropriate systems of taxes/subsidies that would "internalize" the externalities. The technical problem for the economic analyst here is to identify and quantify the costs of the damage or the benefits of external economies and to add these to the cost and benefit streams so that in the analysis the externalities are incorporated.

Meeting the Challenge Through IFAD's Projects and Programmes

Tackling the environmental problems faced by smallholder farmers in developing countries requires a conservation-oriented development strategy which integrates the objectives of growth, poverty alleviation and environmental protection and enhancement. IFAD has taken a number of steps to implement such a strategy over the past few years.

First, existing technologies have been assessed and tried out as pilot ventures, with the understanding that, if successful, these experiences can be replicated elsewhere.

Second, given the critical situation confronting sub-Saharan Africa and the objectives of the Fund's SPA initiative, in-depth studies of a number of issues have been undertaken in order to strengthen the effectiveness of future interventions. These have included soil and water conservation, agroforestry, small-scale irrigation and water harvesting, and the problems of pastoralists and pasture management.

Third, recent SPMs to different countries or groups of countries[1] have paid particular attention to analysing the problems of environmental degradation as these impact on rural poverty and to recommending appropriate intervention measures.

Fourth, IFAD has underlined the importance of providing appropriate incentives to small farmers so that they undertake conservation measures from which benefits will accrue to them and more broadly to their communities over the long-term.

Fifth, the Fund has increased its support for research and technology development dealing specifically with environmental issues. The results of these efforts are being systematically incorporated into the projects financed by IFAD.

Sixth, in order to reduce pressure on the agricultural resource base, an increasing number of IFAD-financed projects now include provisions for off-farm employment generation in rural areas, e.g., in Bangladesh, Honduras, Nepal and Pakistan. New initiatives are underway in Indonesia and Sri Lanka, among other countries.

Finally, in its policy dialogue and grassroots-based institutional initiatives, IFAD has sought to emphasize the critical importance of beneficiary participation in identifying and addressing environmental and conservation issues.

By incorporating the above steps, the Fund aims to make all interventions affecting resource conservation and enhancement internally self-sustaining and fully participatory at the grassroots level. This would ensure lasting benefits not only for small farmers and the rural poor, but also for future generations who would otherwise be left to deal with the threats of irreversible environmental degradation. In terms of research and technology development and policy dialogues with the recipient governments, a number of positive results have already been obtained.

(1) Namely, Bhutan, Bolivia, Ethiopia, Guatemala, Indonesia, Pakistan, The Philippines, The Sudan and the Southern African Development Coordination Conference (SADCC).

Two girls fill their water jugs at a protected spring near Waya, in the Welayita Awraja in the Sidamo Region, established as part of the Rehabilitation Programme for Drought Affected Areas in Ethiopia.

Soil and Water Conservation (SWC)

A first attempt to promote soil and water conservation was taken by IFAD in the Barani area of Pakistan in 1980. The major thrust of the effort was on the control of rainfall run-off and soil erosion and hence downstream siltation of rivers, irrigation canals and barrages. The conservation activities were supported by improved farm technology and institution-building, focusing on extension, adaptive research and farmer cooperatives. Farmers have participated enthusiastically in this project, mainly because of the tangible benefits generated within the project's lifetime, even though the additional benefits of conservation were to come over the longer-term. In fact, an estimated 20-30% increase in annual cultivated area has directly resulted from soil conservation, with corresponding increases in crop yields and livestock productivity. However, the project, as designed and implemented, was relatively expensive. The operation of the cooperatives has remained limited to credit delivery, though at appraisal it was envisaged that they would also assist farmers directly in carrying out the conservation and development activities. This may explain the fact that the range improvement and afforestation activities have progressed on a more modest scale than originally anticipated. Farmers in adjoining areas have indicated interest in a similar project and IFAD is following up by trying to improve on the experience gained from the first. However, the challenge here is how to make conservation activities less costly and how to elicit greater beneficiary participation in decision making and in the execution of project activities. For this, the evolution of IFAD's conservation strategies in sub-Saharan Africa will also be highly relevant.

As noted earlier, IFAD's Special Programme for Sub-Saharan Africa emerged out of the Fund's dual concern for the immediate rehabilitation of the smallholder production capacity and conservation of the resource base threatened by degradation. In 1985, in the context of its Special Programme for Africa, the Fund commissioned a study by the Free University of Amsterdam to assist in strengthening its approach to soil and water conservation in the region. The study confirmed that the participatory approach to SWC is a pre-condition for its sustainability. It also confirmed that longer-term conservation benefits must be combined with short-term production gains to retain farmers' interest. Traditional conservation practices based on direct beneficiary participation can be easily adapted in order to cope with a rapidly changing environment in a cost-effective manner. Thus, soil conservation measures need to be looked at not only in terms of physical structures, but for their economic, social and biological impacts as well. For a typical poor farmer the issue at stake is not one technique as opposed to another. Rather it is how his/her interest is best served through the promotion of conservation-based farm management practices. This applies even to communally-held land.

The above findings were very useful in the formulation of subsequent SWC activities in Burkina Faso, Ethiopia, Lesotho and The Niger.

In Burkina Faso, experience in earlier development efforts had shown that farmers would neither maintain nor replicate earth bunds, even on their own fields. The answer was to support farmers in the construction of semi-permeable stone contour bunds which are easier to maintain and have a longer lifetime than earth bunds. The stone bunds slow down run-off thereby increasing infiltration, while excess water is also spread to low-lying fields. Increases in yields are estimated to vary from 20-40%. The rapid adoption of this technique was due to its immediate benefits to smallholders, as it provides short-term returns. In part, the technology provides short-term benefits from water harvesting and conserves the soils as a long-term by-product at the same time.

Agroforestry (AGF)

Agroforestry is a relatively new area in IFAD's interventions. Earlier efforts under the Sundarban Development Project in India demonstrated the feasibility of social forestry development (strip plantation, mangrove plantation and farm-level forestry). The project had also promoted sand dune control, improved the preservation and maintenance of communal forestry and initiated income-generating activities. Good results were obtained under a similar IFAD-financed project in Rajasthan, India. In Nepal, under the Small Farmer Development Project, farmer groups have been successfully developing community forests on the eroded hills.

AGF is now a major component in most projects funded under IFAD's Special Programme for Sub-Saharan Africa. The projects in Burkina Faso, The Niger and Lesotho have all included an AGF component. In the over-populated semi-arid regions of sub-Saharan Africa, increased pressure on land, fodder and fuelwood resources has led to the development of a serious biomass disequilibrium. This is a major cause of deterioration in soil fertility. In these areas physical conservation needs to be combined with biological conservation.

While some progress has been made with AGF technologies in humid and semi-humid areas, including alley cropping, a suitable technology for the drylands has not yet been properly developed. Here the issue of AGF should be handled with humility and realism, since no proven technologies are available to promote spontaneous tree planting without costly subsidies. The AGF component in Lesotho and The Niger is therefore primarily focused on on-farm research. The most challenging IFAD initiative in agroforestry thus far is the recently approved project for Senegal (see page 111).

Irrigation, Drainage and Water Harvesting

In IFAD's initial years, the Fund had joined other institutions in supporting large-scale irrigation projects such as the Gorgol scheme in Mauritania. These were complex projects with major civil works and involving the transfer and resettlement of large numbers of people. Naturally, there were delays in implementation and cost overruns. In addition, they posed important environmental risks, which were particularly serious in the arid and semi-arid zones in Africa. To take account of the factors of cost-effectiveness, sustainability and ease of management, the Fund has made a complete shift in recent years to small-scale irrigation and water harvesting methods. These have been found to be conducive to intensifying smallholder agricultural production in areas like the Sudano-Sahelian zone by increasing the carrying capacity of the land and allowing the use of modern inputs.

In The Sudan Northern Province Irrigation Rehabilitation Project, for example, IFAD is financing the rehabilitation of existing schemes, mainly by strengthening the irrigation management institutions while giving more responsibility to the beneficiaries in activities related to agricultural production and to management of the tertiary irrigation unit. Farmers' cooperatives will take over full responsibility for the running of the pumping stations while farmers' groups will be responsible for water distribution and maintenance of tertiary blocks. The irrigation provision is combined with a component for controlling desert encroachment, providing shelter belts between the desert and the irrigated areas. A full cost recovery plan has been gradually built into the implementation plan.

The small-scale irrigation components in the Fund's Special Country Programmes in Ethiopia, Mali and The Niger are focused on the rehabilitation of existing, as well as the implementation of new, village or community irrigation schemes. IFAD's interventions in this sector are based on the principle that participation of the farmers is conditional to ensure that they can take full responsibility for the proper management of those schemes. While cost recovery of capital investments will only be partial, most often in the form of labour and credit for irrigation equipment, the operation and maintenance costs have been put in the hands of the users right from the beginning.

It is recognized that irrigation cannot provide the complete solution for many regions faced with low or declining rainfall patterns. In view of this, a shift of emphasis of the Fund's operations has taken place during the 1980s towards water harvesting. In the Yatenga region of Burkina Faso, farmers reclaim degraded areas from the lowest point of a slope in order to harvest maximum water run-off. Water harvesting, as a low-cost technology compared to irrigation, could well be the only viable means to cope with the millions of hectares which are threatened by desertification.

Irrigation projects always need to give proper attention to the drainage characteristics of the soil and the need to build drainage channels where appropriate. Neglect of this aspect has led to serious problems of water-logging and soil salinity/alkalinity for many major irrigation projects. In Bangladesh, in the IFAD-supported Small-Scale Flood Control, Drainage and Irrigation Project, the construction of drainage channels and sluices was integrated into the design of the irrigation system from the beginning. This has had good results. However, there has been reluctance among some of the farmers to give up scarce land for the construction of the drainage canals. Efforts are being made to overcome this reluctance by showing the farmers the much higher crop intensities that have become possible in areas where drainage canals have been built and are operating effectively. Moreover, attempts are also being made to modify the drainage canal design so as to have wider, more gently sloping sides on which cultivation would be possible.

Livestock and Pasture Management

Over the last four years there has been a significant shift in the way IFAD has approached the livestock sector. In addition to supporting livestock as an exclusive activity, attention has been paid to assisting the whole agro-pastoralist sector on which large numbers of rural poor depend for their subsistence. In this context, IFAD's approach has evolved from seeking to increase the productivity of livestock raising as such to a broader integrated strategy. This encompasses enhancing the carrying capacity of the pastoral land, while ensuring at the same time proper management of resources. In particular, attention is being given to control of animal numbers to avoid environmental degradation, for example, such as that which afflicts newly established water points.

These perceptions stem from lessons learned from past mistakes. For example, the Central Rangelands Development Project in Somalia approved early in the second year of the Fund's operations had, as a major aim, the improvement of rangeland productivity. The introduction of controlled, rotationally utilized, grazing reserves in a limited area was the key means of implementation. This unproven technical package failed, however, to take into account traditional grazing management and failed to involve adequately the pastoralists in project design. The project activities also provided for government-controlled, permanent boreholes for livestock watering. These tended to create foci of destruction. However, an unexpected bonus within the project was the success of tree nurseries in supplying forage tree seedlings. The original proposal was to supply seedlings for village shelter belts. Forage trees are now producing additional food for pastoral livestock.

In the light of this experience, IFAD's interventions in recent years has given more attention to self-management methods for addressing potential imbalances between animal numbers and the carrying capacity. An instance is the Stock Route Project in The Sudan, in which the project facilities are to be managed and run by the beneficiaries themselves through a private company. The project aimed at increasing and facilitating the movement of slaughter stock from Western Sudan to the major cattle markets of the East.

The environmental implications of this operation are twofold: the removal of animals from over-stocked Western Sudan is beneficial; the concentrated trekking of animals along a specific stock route reduces potential and degradation from uncontrolled trekking. While the stock route has been provided along its length with regular year-round watering points, and while accessible grazing areas are also sited along the route, the risk of environmental damage could still persist through over-use of these facilities. To prevent over-use, a monitoring system based on ground cover is used so that the stock route would close when ground cover reaches the danger level. An issue still untested is whether the private management of the stock route company will undertake, with the Government's backing if required, to close the stock route under such circumstances.

IFAD's most recent projects have seen a further evolution of this approach. They increasingly seek to take advantage of the considerable potential for synergistic interaction that exists among trees, animals and crops. Planting fodder trees/shrubs provides additional food for animals so that over-grazing can be avoided, while both the trees and the animal manure contribute to improving soil structure and fertility and controlling soil erosion so that crop yields are improved. The recent IFAD Bututsi Agro-Pastoral Development Project in Burundi reflects such a coherent approach to the livestock, range and the farming system.

Research and Technology Development for Sustainable Agriculture and Livestock

IFAD has sought to support research efforts leading to the identification of more efficient systems of production that are within the means of resource-poor farmers, while also protecting their varied environments from degradation.

Agroforestry Research. Some IFAD-supported research has incorporated the introduction of multi-purpose trees and shrubs into production systems (agroforestry). This was the case with the SAFGRAD programme, the CATIE farming systems research project and the ILCA project on livestock.

Traditional Food Crops. IFAD has also stressed research to improve traditional food-crops and to develop technological innovations which can be adopted with minimum cost to small farmers. These include disease-resistant improved cassava varieties developed by IITA, cold-tolerant, disease-resistant food-sorghums for the high elevation areas of Latin America developed by ICRISAT, new varieties of phaseolus beans developed by the International Centre for Tropical Agriculture (CIAT), drought-tolerant varieties of wheat and barley developed by ACSAD.

Farming System Research. Under the SAFGRAD/OAU/STRC project, West African scientists have been introduced to the concepts of farming systems research emphasizing sustainability as a major goal. Relevant practices include soil and water management and the introduction of trees and shrubs.

Biological Control of Pests. IFAD has participated with other donors[1] in support of IITA research on biological control of cassava pests as a means of avoiding environmentally unsafe chemical substances.

(1) Canada, Denmark, Federal Republic of Germany, Italy, The Netherlands, Norway, Sweden, EEC, FAO and UNDP.

Livestock Research. IFAD has supported research on livestock mainly through work by ILCA. A new strategic dimension has been added to this research by focusing on small ruminants as a way of reaching poor rural women who traditionally rear them and for whom small ruminants are a major source of nutrition and income.

Policy Reforms, Institutional Arrangements and Group Endeavours

(a) *The Issue of Agricultural Land Rights*

Recognizing that access rights to land and pasture are critical in motivating investments for conservation, IFAD has sought to clarify these issues at an early stage of project articulation. During the preparation of the Orissa Tribal Development Project in India, for example, land rights were a central issue. There was a clear need to assure long-term tenure status, since the tribals which were *de jure* landless were *de facto* not so. By becoming *de jure* landowners they might become *de facto* landless if they fell into the hands of money-lenders. The project undertook to register all land deemed suitable for permanent cultivation in the Village Record of Rights and demarcate these plots on the village cadastral map. This establishes Raiyati Rights, in which the landholder has permanent cultivation rights, which are inheritable and transferable. However, areas deemed not suitable for food production would be planted with perennial tree crops for which usufruct rights would be established.

(b) *The Rights to and Management of Pasture*

One important conclusion drawn from the experience of earlier years by the Fund in the design of livestock and pasture development projects was the necessity to give more attention to the important question of access rights of the poor to pastures. In recent years, all livestock projects have dealt with this issue on a priority basis since operational experience has clearly shown that improved technical methods for range and forage management will not work - or be adopted - unless access is secure, guaranteed and controlled. The Fund has taken a two-fold approach to addressing this question. First, it has engaged in policy dialogues with concerned governments to adapt existing laws and regulations to the benefit of small pastoralists. Second, it has sought to manage the access to, as well as the utilization of, pastoral land through a genuinely participatory and communal approach, thereby avoiding the problem of over-exploitation.

Here the question of land tenure is a major issue, but there is no clear-cut answer. In the driest of pastoral areas with less than 400 mm of rainfall, any attempt to restrict cattle movement through the establishment of artificial boundaries, linked to land tenure reform, is likely to fail. Re-establishing areas of influence, based on traditional usage with the involvement of pastoralists in decision-making, has proved a far more effective approach. Nonetheless, in the less dry areas - from about 400 mm rainfall to 700 mm - it may be appropriate to introduce some form of restricted grazing by

providing traditional grazers with conditional usufructory rights to specific blocks of land. In this situation, grazing rights only should be issued, and they should not be divisible.

Under the Western Savannah Project in The Sudan, land tenure reform is used to develop new settlements and to legalize traditional grazing rights for local herders. To some extent the process has been successful. But while herders whose rights have been legalized are content with a relatively secure future, herders who have been excluded are unhappy and see themselves deprived of their traditional means of livelihood. To help keep livestock numbers within land capacity limits, the project has adopted a policy of supplying limited storage surface water sources in one part of the project area. By linking these to traditional grazing rights, control of the number of livestock having access to the new water sources is assured.

In the past, most traditional societies were able to manage their resources in an optimal way. Since governments are hard pressed to cope with resource management because of institutional and resource problems, there is a need to see how traditional users of such resources could assume part of these management responsibilities. IFAD's recent project in the Kidal area of Mali typifies the Fund's evolving approach. The project will strengthen herders' associations to promote a participatory management of grazing lands and water points. Access to pastures will be guided by an innovative Pasture Code, which the herders themselves have helped to draw up, and which they will help to enforce.

(c) *Women and the Environment*

IFAD's focus on the needs of rural women has become especially strong in recent years. This has had particular relevance in the context of reversing the negative linkages between poverty and environmental degradation by taking measures which would assist rural women in pursuing economic and household activities in a more conservation-oriented way. For example, rural women are often forced by the pressing needs of their families to make over-intensive use of natural resources, whether land or forests. At the same time, women's lack of access to appropriate technology, inputs and credit can lead to environmentally unsound farming practices. Fuelwood collection and the rearing of small ruminants, traditionally the responsibility of women, can entail the depletion of the surrounding biomass. Rural women are indeed at the intersection of the processes of poverty and environmental degradation.

In view of the above, IFAD has designed projects stressing time and labour saving technologies for women, introducing alternative sources of water within easy reach of the household and such collective facilities as community woodlots and grain mills. Examples can be found in projects in Burkina Faso, Haiti, Mali and Senegal.

IFAD has also sought to ensure that its technologies for women are environmentally sound. For example, the use of forage and the introduction of stall feeding have been provided in projects for women as livestock producers. The use of improved ovens in Côte d'Ivoire has not only halved the time needed to smoke fish, but also conserves wood since the ovens run on coconut fibres. IFAD projects have also incorporated training and extension for women to help increase their understanding of environmental issues and of the ways these affect their activities. Finally, IFAD has sought to promote the creation of off-farm enterprises for women, to diversify their activities, to generate additional income and to reduce pressure on the fragile resource base.

(d) *Cooperation with NGOs*

In view of the fact that many NGOs have shown both interest and competence in addressing poverty alleviation programmes, IFAD has taken concrete steps in the last few years to extend its collaboration with them, particularly in the context of the design and implementation of conservation-oriented projects. As explained earlier in this Report, the IFAD/NGO/ECP launched last year is an important step in this direction. In The Sudan, for example, SOS Sahel Britain is not only helping IFAD to implement village reforestation and the transfer of shelter belt management techniques but is also cofinancing the project under the ECP.

NGOs are also involved in a number of other IFAD projects in helping to implement the environmental component for sustainable development. In Bangladesh, a local NGO is undertaking the formation and training of groups of fishermen to intensify production systems and rehabilitate the Oxbow Lakes. In India (Orissa), a local NGO is involved in fostering people's participation in natural resource development. In Mali, Band-Aid is cofinancing with the Fund pilot activities for nomadic pastoralists and is also helping in livestock development and range management. In Jamaica, a local NGO will be fully responsible for the implementation of an IFAD project from the identification of beneficiaries to the provision of credit (and its recovery) for the planting, cultivation and rehabilitation of coffee and cocoa in mountain areas and hillsides.

Where Do We Go From Here?

On the occasion of its Tenth Anniversary, IFAD organized an International Consultation on Environment, Sustainable Development and the Role of Small Farmers, held in Rome in October 1988. The purpose was to exchange views and experiences with experts from Member Countries, multilateral and bilateral agencies, international institutions, UN agencies and NGOs. The overall objective of the Consultation was to identify issues and options for IFAD in the formulation and implementation of its future strategies for sustainable development based on the guiding principles of the Brundtland Report.

The three Working Groups of the Consultation focused separately on (i) the management of natural resources; (ii) agricultural research for sustainable development; and (iii) policy and institutional issues and relationships among national agencies, NGOs and international agencies. In addition, the representatives of NGOs met separately to reflect on their relationship with IFAD in matters relating to sustainable agricultural development. Each Group made recommendations in its specific area of concentration. These were incorporated into the Report of the Consultation. The management of IFAD has taken serious note of all the recommendations and, as appropriate, will follow up on them.

The Consultation stressed that growing concern with the environment and sustainable agricultural development provides a fresh opportunity to focus global attention on the problems of poverty since the two are closely interlinked. IFAD's role as the lead agency in the UN system to strengthen a global campaign against poverty and environmental degradation was highlighted. IFAD was also asked to publicize the possible adverse impact of such policies as protectionism and agricultural subsidies on the rural poor and on the future of sustainable development.

The recommendations at the Consultation and the analysis presented in this paper suggest that policy makers and the public in general need to be sensitized about the urgency of actions required to avoid further degradation of the environment. Future generations will have to bear the environmental consequences of the actions taken or not taken today. These are not problems to be left for the next generation to resolve. Hence, environmental concerns must be directly integrated into the development planning framework.

To this end, all IFAD-financed projects, as appropriate, will have as an explicit objective the conservation and rehabilitation of the natural resource base on which poor farmers depend. Increased attention will be given to off-farm income-generating activities in order to reduce pressure on land resources. While no *a priori* amount can be set, an increasingly larger share of IFAD's lending will be devoted to conservation-oriented projects. Part of this allocation will be directed to the formulation and implementation of pilot ventures to improve the Fund's understanding of conservation-based development interventions. In project analysis, EIA should be used to determine the acceptability of the proposed activities for IFAD financing. All efforts will be made by the Fund to undertake full cost and benefit accounting of activities with an impact on the natural resource base. In this respect account will also be taken of the damage if a conservation-oriented project is not carried out. With this end in view, work in consultation with experts will continue on the improvement of the methodology of project analysis.

The Consultation reiterated that IFAD should continue to ensure that small farmers participate in the identification, implementation and monitoring and evaluation of

projects, and especially those with an environmental focus. For it was the conclusion of all Working Groups that people's participation and grassroots-based institution-building go hand-in-hand with conservation-based poverty alleviation strategies. In operational terms, for IFAD this implies increased support for training and beneficiary mobilization. The point is clear: in order to be internally self-sustained, a sense of collective responsibility for the conservation of the environment must be inculcated into the community. It is only through such an internally self-sustained sense of community responsibility that nomadic and pastoral peoples can exercise the self-discipline required in harmonizing the demands of livestock populations and the carrying capacity of the land. The consolidation and a better adaptation of traditional knowledge concerning environmental issues into more coherent socio-economically viable programmes is also facilitated by people's participation.

To ensure the implementation of this approach, issues of sustainability will be explicitly included in the terms of reference of all IFAD missions. SPMs and other project analyses will be used to initiate policy dialogue with the recipient governments, multilateral organizations - including international financial institutions - NGOs and local organizations to promote the environmental sustainability of small farmers. IFAD will continue to reorient its research and technical assistance grant support towards the development, diffusion and utilization of suitable technology, and the strengthening - and where necessary, the establishment - of institutions to reverse the process of environmental degradation and to conserve and enhance the resource base.

In order to support this increased focus on sustainability, IFAD will provide assistance to, and coordinate with international, regional, national and local efforts on environmental data collection and analysis. Data collection on environmental processes at the project level will be explicitly introduced during project preparation. In fact, environmentally-oriented projects require continuous monitoring and assessment of both the physical and the social responses of the beneficiaries to determine the environmental effects of intervention and to measure their impact. Once this can be done systematically, over a number of projects in different socio-economic and ecological circumstances, a foundation would be laid for identifying and designing subsequent generations of projects. To this end, IFAD's monitoring and evaluation activities will be further strengthened.

IFAD will also continue its emphasis on collaboration with national and international NGOs, giving particular attention to joint efforts for the identification, implementation and the monitoring and evaluation of projects with an environmental focus. A concerted effort is needed to associate NGOs in pilot projects initiated by the Fund, and IFAD needs to learn more from NGO experiences.

The Fund's resources are limited compared to the dimensions of sustainable agricultural development issues. But IFAD will actively seek to promote collaboration with other bilateral and multilateral donors, through cofinancing and other means. The Fund's already growing relationship with UNEP will be further expanded. IFAD will also continue to play an active role as a member of CIDIE.

To sum up, the deterioration of the environment is the major threat to man's well-being, even to his survival in the long-run. In the rich countries, the problems, even if acutely felt, still concern primarily the qualitative aspects of life. In the poor countries of Africa, Asia, and Latin America, however, the crisis has acquired such proportions as to seriously undermine the very livelihood of the most vulnerable segments of rural society. Deforestation, soil erosion and desertification, salination and the like are the permanent parameters within which the rural poor and the world have to eke out an existence. Often they have no other choice but to further contribute to their environment's degradation. For they are forced to treat nature not as a benevolent partner for improving their life, but as an object to be exploited to the bitter end for their survival.

In trying to address the environmental crisis as it relates to its intended beneficiaries, IFAD has become convinced not only of the negative link that exists between poverty and environmental degradation, but, most importantly, that long-term poverty alleviation depends heavily on the reversal of that link. The implications are manyfold.

First, no rural poverty alleviation project and/or programme can have a lasting effect if it threatens the resource base of the poor. Knowledge, data and methodologies are needed to assess the environmental factors at work and monitor their systemic inter-relationship with poverty. Second, the longer-term dimensions of resource conservation and enhancement have to be reconciled with the short-term nature not only of development programmes and projects, but also of the planning horizon of individuals and governments. Physical, technological and financial constraints have to be addressed. Social and institutional limitations have to be overcome. Policy issues have to be resolved. Third, and in relation to the two points above, rural poverty alleviation programmes and projects must be designed and implemented within the framework of an internally self-sustaining, conservation-oriented, participatory rural development strategy. Only through the active participation of the rural poor themselves can such a strategy be implemented.

NEW DIRECTIONS IN AGRICULTURAL RESEARCH AND EXTENSION LINKAGES FOR SMALLHOLDERS

Introduction

Research and extension form a closely linked nucleus at the centre of any effort to increase smallholder food production. IFAD's investments in these key components have gone up by 50%, from 12.9% of the total in the Fund's first five years of operation to 19.0% during the last five. Because, traditionally, research and extension were area-based and therefore target neutral, IFAD has sought to modify them to become directly relevant to poor farmers, small herdsmen, artisanal fishermen and poor rural women.

The IFAD Approach to Research/Extension

IFAD's investment in agricultural research is designed to move away from a top-down, mechanistic and task-oriented exercise. The emphasis is on a research system which is a problem-solving process directly related to the poor people and their environment. Hence, it must be low-cost, with no undue reliance on external expertise, capital, knowhow and equipment resulting in dependence. Most important, it is based on the active participation of the small farmers themselves, from the definition of problems to the selection, application and evaluation of alternative solutions. Thus, appropriate results can, once adopted, remain internally sustainable. In short, IFAD is developing a research system which brings together farmers and researchers as equal partners. An internal dynamic can then be established in the system, from "lab to land and land to lab".

Similarly, the emphasis in IFAD's extension support is on making systems indigenous so that they can be sensitive and responsive to the needs, perceptions and absorptive capacities of the poor people. They have to be compatible with the resource base and the (agri-) cultural experience of the poor and their socio-economic structure. They also need to be participatory to be cost-effective and thus contribute as well to the sustainability of all development efforts. The objective is to do away, as far as is practicable, with the strict dividing lines as they exist now between extension agents and farmers. In short, today's farmer must become tomorrow's extension agent.

IFAD is also taking this process of internalization of extension and research systems a step further. Where the two come together they need to be linked with the farmer into an integrated system which is completely internalized, interactive and sustainable. In this system, the farmers are the focal point, interchanging roles with researchers and extension agents, as they undertake participative research and transmit results to others. An effective interactive research/extension system in which the smallholder farmers are fully involved is viewed as essential to the mobilization of their under-utilized potential.

Through this interactive technology development and diffusion process, the knowledge and research capacities of the local farming communities can be reinforced by those of commercial and scientific institutions. Such a linkage brings together, in a mutually beneficial fashion, the indigenous knowledge of the people and the formal knowledge of experts. It allows for new technologies and practices to be imbedded harmoniously in the entire indigenous livelihood system as an indispensable resource which is possessed and managed by the community itself, with minimum outside support.

This low-cost/self-sustained and internalized extension and research system is particularly relevant at a time when budgetary austerity imposed under structural adjustment programmes are crippling conventional extension and research services.

The World of the Smallholders

Effective research and extension for smallholders represent one of the most difficult challenges facing rural development. The small farmer sector is highly complex and diversified. It is characterized by mixed farming and multiple cropping, heterogeneity of agro-sociological environments and a survival-induced high risk aversion on the part of the farmers. Within this framework and given the knowledge and skills available, the small farmers have evolved a traditional production system based on very rational and time-tested options in the management of their limited resources. In many areas, however, this age-old traditional system is breaking down not because of erroneous choices on the part of the small farmer but because of forces beyond his control. External variables such as market fluctuations, weather, pricing policies and the opportunity costs of labour, among other factors, render his livelihood system fragile and highly unstable. Population pressures have led to increased land fragmentation and to more intensive and extensive production systems which progressively deplete soil and water resources (page 70).

The Research System Challenge

In this context, the design of research/extension systems must first take account of the poverty processes afflicting poor farmers by an understanding of the complex short- and long-term pressures under which they operate. This itself calls for research on ways to slow and reverse the process of environmental degradation, ways to sustain productivity increases in fertile areas and to discover and implement sustainable farming practices for the marginal areas where poor farmers are increasingly being pushed for their livelihood. Low-cost measures of crop and livestock intensification, diversification and labour-saving technologies in the more fertile areas need to be matched - in ecologically fragile areas - by new approaches to agroforestry, soil conservation, water harvesting, sand dune fixation, etc.

These formidable challenges require the optimal mobilization, organization and internalization of research/extension systems. IFAD has characteristically sought to build upon traditional practices by encouraging the development of suitable technology easily adaptable to the resource base and the environment of the smallholder. It is supporting adaptive research in farming systems for specific agro-ecological environments, together with biological control of pests and similar low-input technologies. Simple processing and storage techologies to ease the workload of rural women are also being promoted. The Fund has stressed "learning by doing" techniques for training its beneficiaries because illiteracy is still widespread among them. An area of research yet to be tackled is the integration of traditional smallholder technologies with frontier technologies involving genetic engineering and bio-technology. For example, genetically engineered nitrogen fixation holds great promise for reducing fertilizer requirements which will help poor farmers without cash resources.

Artificial germination is being used in IFAD-sponsored projects to increase maize production.

Constraints on Technology Transfer

At the same time, the Fund recognizes that the potential for the positive impact of capital intensive technological change on the delicately balanced smallholder production system is limited. Technical innovations must therefore be consistent with the particularities of the existing small farmer production system. Moreover, they need to be low in cost and in external input requirements. Small farmers resist adopting both costly and unfamiliar technologies because of the risks they pose to proven means of survival.

Unfortunately, research/extension programmes have too often been based on technological innovations as such, rather than on the careful identification of smallholder needs and possibilities. Precisely because smallholder needs are so variable and highly specialized, the national context of research/extension can often bypass them in favour of more generalized or commercially-oriented priorities. This is particularly the case in the poorest countries, where research/extension funding is limited. Bringing technology transfer systems to the small farm is, moreover, a highly resource-intensive matter, in terms of cost, time and management capabilities.

Indeed, increased investments will be required to strengthen the capacity of international, regional and national research services to produce new technology relevant to small farmer needs. The global research network needs to be linked functionally for this purpose. Research on delivery systems which will enable small farmers to derive full economic benefit from such technologies also deserves urgent attention.

In all these areas, IFAD's experience increasingly indicates that systems in which the small farmers act in a team spirit with researchers - both contributing to research for their needs and using research for their benefit - is the highly practical and effective ideal to be striven for. Agricultural research conducted under normal conditions prevailing on the farms of the small farmers, with their direct participation offers the most promising approach.

Building this approach is the real challenge of rural development. The conception involved is nowhere yet a reality, but its essence demands the optimal kind of farmer-extension-research linkage - one which is at once closely interactive but which also enables creative initiative on the part of the individuals. IFAD has found that such linkage has indeed been the "missing link" in research efforts which bypass smallholder needs and extension services which deliver inappropriate technical packages to them.

How the Farmer Sees the System

Effective two-way research-extension-farmer linkage is vital in technology generation and diffusion for another reason. The parameters of technology absorption by very poor farmers are initially very narrow. Change, once begun, can come rapidly, however, as one threshold of technology gives way to another - for example, as improved hand tools yield to mechanization. Successful technology diffusion should create an appetite for more and higher levels of technology. But the perplexing issues posed by such quantum jumps and qualitative changes in the way farmers make their living are rarely addressed by the mechanistic designs of most technology transfer systems.

Even when seen as a fully interacting continuum, the research/extension/small farmer system is beset by wider complexities rarely encountered in the better-organized systems for commercial, cash crop farming.

What happens, for example, when a subsistence society characterized by internal stability moves to a market situation and is exposed to higher risks? Where is the institutional support for incentive prices, input and credit delivery, subsidies, crop insurance, etc.?

What happens when technological change prompts chain-reactions in socio-economic relationships for which traditional societies are ill-prepared? Too often the condition of poor rural women has further deteriorated under such change. The traditional communal spirit of societies can be weakened, with deleterious effects on people's participation, systems of cooperation and the fostering of individual enterprise.

How do poor farmers, extension workers and researchers cope with the diffusion and market repercussions of the changes they themselves have set in motion? Indeed, how do shy and passive poor farmers react to the notion that they are not only the end-of-the-line recipients in a process but that they can participate in it as equal partners?

Such questions are far from irrelevant to the research/extension task. They can, in fact, be the real issues for smallholders, because smallholders are so often left on their own to cope with them.

Traditionally, research and extension activities have tended to remain somewhat distinct. The results of research were transmitted to the farmers from above, through extension methods such as random visits, contact farmers and T&V. Methods such as T&V, which have become widely used, are also relatively expensive.

In pursuit of a low-cost, self-sustained and internalized research-extension system, IFAD's search for solutions has moved on several tracks. The different solutions experimented with by the Fund have evolved out of the basic understanding that the problems in the field are varied. The response to these problems needs to be multidimensional and multidisciplinary in its approach, specific in its application and imaginative in its use of existing institutional structures. The broad thrust of IFAD's approaches has thus been to move towards a client-oriented research and client-demand based extension system with a strong link between the two and gravitating around the poor farmers. But the Fund has also recognized that a number of different research and extension systems will continue to exist for historical and institutional reasons, and it has sought to modify and adapt these in appropriate ways. Nonetheless, the overriding goal has always kept in view the evolution of a system in which the smallholder farmer is both client and an equal partner in the system in which the researcher, the extension worker and the farmer constitute a harmonious team with shared goals and objectives.

Modifying the T&V System

In instances where there were already extension services based on T&V, which had not proved effective in reaching the intended beneficiaries, a reorientation of the system was effected. Broadening the conventional T&V approach by making it multidisciplinary and by promoting the decentralization of the system, better linkage with research units and integration of small-scale adaptive trials made the T&V methods more interactive and sensitive to the requirements of the beneficiary groups. In such a modified system, rural communities can choose on their own those who will act as contact farmers rather than having them designated by the external T&V agent.

The Erzurum Rural Development Project financed by IFAD in Turkey stressed this kind of linkage, modifying the existing T&V system to make it more flexible and decentralized. Its effectiveness was reinforced by providing multidisciplinary training to extension agents, so that each agent could provide resource-poor farmers with a full range of advice on crop intensification, livestock, health and management, farming practices, etc.

Nonetheless, the feedback from the farmers to the research units was still perceived as weak, even in this adapted system. Subsequent IFAD-supported projects in Turkey have therefore given a particular emphasis to assuring a two-way flow of information which could speedily adapt research undertakings to field realities. In one case, for example, the Diyarbakir Research Institute provided poor farmers with new wheat technology packages aimed at maximum yields. However, the packages failed to generate the expected economic returns because the farmers could not afford the high cost of the fertilizers required. A new, more economical package was then developed which was more suitable to the capacity of the poor. In Izmir, seven new farmer-initiated research activities have been undertaken, including improved crop rotations, the effects of second crops, production packages for fruits and vegetables and beekeeping. Each has responded to the needs of the poor for increased output and incomes in ways perceived by the farmers themselves.

Strengthening the Operational Link

As IFAD gained experience, linkages between research and extension, to make them responsive to small farmers' needs, were put in place from the very beginning of project implementation. The key elements for this were effective decentralization of the research and extension institutions, a greater flexibility in work programmes and an explicit field orientation. Doing just this much made it possible to build research and extension services that had considerable success and served as models for further replication.

The Minya Agricultural Development Project in Egypt demonstrated the possibilities of modifying traditional research and extension services. The project encouraged research scientists and extension subject matter specialists to visit directly with resource-poor farmers two-to-three days each month. Regular field days were organized for farmer visits to research stations. Contact with poor farmers was sought through a ratio of one village extension worker per 200 farmers, out of which 20 were chosen in consultation with village members as "contact farmers" to be visited once every two weeks. The function of these contact farmers is to "pass on the message", whether from lab to land or land to lab and strengthen the linkage between the two. A measure of the effectiveness of this system lies in the rapid increase in the practice of intercropping of maize and soya beans - a new technique which has swept through the project area with excellent results. The lessons learnt at Minya have been replicated in subsequent projects.

A female extension worker shows an agricultural publication to a group of schoolchildren as part of the National Extension Project in Kenya.

The IFAD-supported National Extension Project in Kenya was designed to strengthen the linkage between research and extension and the adaptive research capability of the Ministry of Agriculture to facilitate the regular flow of technology from the research network to the poorest farmers in particular. Feedback from these farmers was expected to travel via the same linkages back to the research establishment. Monthly workshops have been the key link between the research centres and the extension service in each district. These workshops review technical recommendations for the coming four-week period and discuss feed-back by the frontline extension staff. Researchers and extension staff jointly undertake monthly field visits prior to the workshops so that researchers have an opportunity to interact with extension staff on farmers' problems. Controlled trials have been introduced to verify research station results at Farming Centres or on farmers' fields. Crop, soil and water management methods were developed through on-farm research using the farming systems perspective. District Farm Management officers and farming systems economists based in research stations were made jointly responsible for ensuring that trials took note of labour and cash constraints, that both technical and non-technical factors influencing farmers' decisions were taken into account and that patterns of input use and yield measurement were recorded.

A status report on this project indicates that it has led to an increase in maize production of more than 85%, with other significant increases in bean, coffee and milk production. This is a direct result of regular training and logistic support for extension officers and, most significantly, of improved research/extension linkage for technology transfer.

Approach to Marginal Areas

Parallel with these efforts, IFAD has tried to develop cost-effective methods of extension which would work in remote marginalized areas, especially in Latin America and the Caribbean. Typically, because communities in such areas are small and dispersed, T&V type systems are generally uneconomic or difficult to sustain. Community-based extension systems were found to provide an answer. The extension agents themselves live in the villages, with access to Support Centres to provide them with professional backstopping. The village communities can be consulted before the extension workers are paid their salaries to provide a built-in participatory monitoring and evaluation methodology. Moreover, to make the service financially self-reliant as well as truly responsive to the farmers' needs, the village communities themselves are paying a rising proportion of the extension costs.

Many of IFAD's most effective research/extension undertakings have reached out to very poor, marginal farmers in such remote areas as the Peruvian and Bolivian highlands or in the drylands of the Near East and North Africa. However, applying scarce research and extension resources to inherently poor areas requires careful cost-benefit analysis. The costs of developing a fully *sustainable* agriculture on certain marginal lands may in particular be quite high. The low social rate of return on such investments, in turn, implies an uneconomic use of resources.

The Peruvian project to strengthen extension services for peasant communities in the highlands sought to tackle this problem by providing live-in extension workers for each village. It also combines face-to-face communication, use of radio, on-farm trials, farmer participation and cost-sharing as key elements. Its goal is nothing less than the establishment of a peasant-financed and controlled extension system which is linked to available technologies ready to be adapted and applied to farmer needs. Training under the project embraces not only extension methodology for the community-based extension workers but lessons in extension-farmer interaction. To moderate the costs of extension activities under the Chuquisaca South Rural Development Project in the mountains of Bolivia, two regular radio programmes have been prepared by a local NGO to provide cropping and marketing messages. For feedback, these programmes rely on material collected by four "peasant reporters" in direct touch with the farmers themselves.

Broadening the Framework of Interaction: Reaching Poor Rural Women

A special problem that IFAD has encountered in its efforts to strengthen agricultural research and extension is the gender problem - that is, how to reach rural women. Social and cultural practices sometimes make it difficult for male extension agents to work effectively with women farmers. IFAD has sought to overcome such constraints by ensuring that a significant proportion of the extension agents are themselves women. This not only improves access to women farmers but the resulting interaction and feedback is helping to develop technical packages that are specially suited to the needs of women farmers.

In the Eastern Regional Agricultural Development Project in Yemen, P.D.R., a further dimension has been effectively added. This project includes a significant number of women agents in its extension service, which has enabled women farmers to have access to extension messages for the first time. But the project also assigns one extension worker to each of the project's cooperatives, in part to determine farmers' requirements for inputs, machinery, spare parts and irrigation. These requirements are then transmitted to project management and supplied to the cooperatives on a credit basis. The credit itself is derived from the National Bank of Yemen, with repayments going to a revolving fund to finance future purchases. Here linkage is extended beyond the customary research/extension/farmer framework to embrace other key elements of poverty alleviation directed in particular at poor rural women and the landless.

From a different perspective, the IFAD-financed rural women's programme in Yemen, A.R., uses research/extension not only to improve productivity in fruit, vegetable, livestock and poultry output but also to reduce the time and labour spent by women on household chores, while providing them training in basic health, child care and literacy. IFAD's growing emphasis on measures designed to stimulate off-farm employment - through credit provision, for example - also has a women's focus and generally signals the Fund's greater effort to induce people away from inherently poor lands and into alternative means of rural employment. This also means that more research/extension activity should be directed to schemes for off-farm employment.

Female extension workers receive training as part of the Tihama Development Project in Yemen A.R.

Client-Demand Approach

IFAD's approach to a more integrated, participatory system of research and extension has most recently evolved to the so-called "client-demand" system. In such a system the resource-poor farmers themselves take the lead in highlighting their problems and requirements to the extension agents and researchers. Groups and associations of farmers can be formed to facilitate broader interaction with extension agents and researchers and to undertake village level improvements as well. The client-demand approach constitutes a major advance over the "top-down" character typical of traditional research/extension systems, in which government agents and laboratory scientists largely dictated what were the "best" methods for poor farmers to adopt. This new approach combines many of the lessons of IFAD's past experience and holds promise of bringing the smallholder farmer fully to the centre of the research and extension effort, directly involved in setting research priorities.

A recent example is the Agricultural Development Programme in the Highlands of Madagascar, approved in 1988. Here the proposed research/extension system starts with the preoccupations of farmers, which are passed to research specialists and fed back again, with the extension staff sensitized to ensure the necessary linkages. The basic idea of this project is that themes and problems are identified by the farmers themselves, and they are not limited to agronomic or economic concern.

The new Lesotho system seeks to combine the strengths of IFAD's participatory approach with the best in existing and proven research/extension systems. For example, it draws upon the "On-Farm Client-Oriented Research" (OFCOR) experiments being carried out by the International Services for National Agricultural Research. They have proved an effective means for assuring the relevance of research activities to the needs of small farmers through their direct involvement in the research process.

The client-demand approach developed by IFAD for Lesotho also incorporates some of the best features of the classic T&V extension system. This includes a well-structured system of extension staff organization, supervision and discipline; close linkage between local, district and ministerial level extension offices to ensure high quality; a system of evaluation and feedback; housing and transport for extension workers; improved linkages to research.

The client-demand approach differs importantly from T&V extension, however, in that:

- the system is community-based and relies on the full participation of beneficiaries;
- the location of programme activities is planned on the basis of client demand;
- local technicians can be employed to assist extension agents and participants with implementation;
- extensive use is made of local media, organizations and the extension service itself to sensitize clients and create demand;
- the research system is itself on-farm and client-oriented.

The Lesotho project aims to introduce financially attractive and technically feasible crop production packages which include long-term soil and water conservation measures often ignored by farmers as unprofitable in the short-term. The client-demand system being introduced to achieve these difficult objectives will be given a severe test. Much will depend on the training of a confident and competent core of extension workers. But the effort to internalize the research/extension process and give it a small farmer orientation, through proven participatory techniques, is the real key to this project's success.

Obstacles to be Overcome

No less than other extension systems, the ones being developed by IFAD face many obstacles. Effective client-demand presupposes a basic level of education and literacy at which poor farmers can interact confidently with government workers and influence the technology transfer system in their own favour. It is also important to distinguish properly between the "clients" and the "beneficiaries" of this kind of extension. In the narrowest sense, the clients of extension are farmers. But the clients of an effective operating system with good communication and rapid feedback are also researchers, input suppliers, credit managers, data processors and even national policy makers. Similarly, the beneficiaries of extension are in the broadest sense the rural community and its households. A major challenge in this respect is stemming the tendency of young people to move out of farming with a view to taking their chances in the city. Properly targeted systems must adjust, through feedback with youth, to accommodate the longer-term needs of the village as a whole. This is what makes research/extension a dynamic process, and client-demand systems especially so.

With its focus on resource-poor farmers, IFAD has a special responsibility to critically examine and identify such key project factors as client characteristics, the production constraints they face and the availability of technologies suited to their needs. False assumptions in any of these critical areas can lead to the design of faulty client-demand systems and failure of the project to meet its objectives. In this respect, participatory monitoring and evaluation of research/extension activities involving the farmers themselves becomes a critical necessity. The Peruvian example mentioned earlier serves as one model.

Bringing research and technology transfer to small farmers is highly resource-intensive, both financially and in terms of management capabilities. Integrating farmers' participation into these systems requires extensive groundwork, but can yield big returns. It not only facilitates the implementation of decentralized research; it not only lowers costs and speeds the flow of innovation through the establishment of horizonal communications linkages; it also helps strengthen, directly or indirectly, the lobbying power of poor farmers in ensuring adequate funding for their systems.

New Directions for IFAD

In this respect, IFAD is exploring ways of building a more complementary relationship between the public sectors and the beneficiaries in the research/extension process. There are complementarities between the maintenance of these public services and beneficiary involvement. Such interplay can further strengthen technology transfer systems and enable public sector resources to concentrate on the more difficult constraints limiting small farmer output. IFAD has found that rainfed agriculture is particularly risk-prone and requires special research attention to diversification and mixed farming of crops and livestock.

Many other international and donor institutions have also been elaborating new approaches to research and extension linkage in recent years. It is important that this experience is shared and the knowledge gained is consolidated and then widely disseminated. To sharpen its own approach, IFAD recently helped organize two major Consultations, one on agricultural research, the other on technology development and diffusion.

Early in 1987 the Fund hosted an International Consultation on Strengthening National Agricultural Research Systems to Assume an International Role in Specific Areas of Wheat and Rice Research and Training.[1] A key aim was the decentralization and more effective dissemination of downstream international agricultural research activities, with the needs of smallholders in view.

During 1988 IFAD followed with a Seminar on the Generation and Transfer of Technology for Poor Farmers, organized with the assistance of the National Agricultural Cooperative Federation in Seoul, Republic of Korea.[2] Other seminars and workshops have addressed the many issues in research and extension, but this was the first to look at these questions solely from the perspective of the poor smallholder.

Later in 1988, IFAD undertook a special comparative study of its research/extension activities in order to identify strengths and weaknesses in the design and implementation process, to isolate important related issues and to develop a set of guidelines to improve the pattern of the Fund's investments in this area.

(1) This Consultation was financed jointly by the International Development Research Centre of Canada, the Ministry of Development Cooperation of the Federal Republic of Germany, the Swedish Agency for Research Cooperation with Developing Countries and the Rockefeller Foundation.

(2) This Seminar was sponsored by the Government of the Republic of Korea and financed from its non-convertible currency contribution.

Improved grain varieties being examined in Bhutan.

Many of the recommendations of both the Wheat and Rice Consultation on decentralizing agricultural research and the Seminar on the Generation and Transfer of Technology have strengthened IFAD's policy approach to the needs of the poor in this complex area. In opening global windows for national research systems with a record of comparative advantage in specific areas, the Consultation should help speed the development and diffusion of finished technologies and the training of research workers in less developed national systems to help meet the needs of the resource-poor farmers who are IFAD's beneficiaries.

To ensure both adequate resources and institutional support, the Seminar on the Generation and Transfer of Technology for Poor Farmers urged IFAD to promote small farmer representation on the decison-making bodies of national research systems and small farmer involvement through their own organizations in government policy formulation. The research system advocated by the Seminar is the OFCOR system which can diagnose the constraints faced by small farmers, women, tribal populations and others and develop suitable technologies with their participation. This methodology is already incorporated in many of IFAD's projects and programmes.

As for the extension system, the Seminar recognized that there is no single system that can cope satisfactorily with all situations. Therefore, project design should refrain from mechanically transferring modules from one country to another. Like research, extension system design should be dynamic and flexible, draw on client characteristics and constraints, provide for a strong feedback mechanism and engender the confidence of both the government and the beneficiaries. Extension activities of all agencies - public and private - should be coordinated, whether implemented through contact farmers or farmer groups or through media and communication aids.

The Seminar concluded that any research/extension system supported by the Fund must have clearly stated goals and that intensive training of potential beneficiaries and functionaries must be carried out if the system is to function at peak effectiveness. Investments in research and extension for small farmers need to be balanced by parallel investments in rural infrastructure.

In reiterating that research and technology transfer systems can be resource intensive, the Seminar on Generation and Transfer of Technology for Poor Farmers emphasized that IFAD and other donors should be prepared to allocate necessary resources to this purpose. The initial cost could easily be justified by the longer-term benefit of low-cost and low external input technology generation and by the replication of programmes suited to the diverse circumstances of small farmers.

To ensure the realization of these gains and avoid resource waste in project formulation, the Seminar underscored the need for research and extension systems to be properly phased and sequenced. As appropriate, these systems should be fully integrated within the national mainstream to benefit from other types of knowledge development. This would also contribute to the sustainability of the micro-research and extension systems.

In this context, the importance of mobilizing farmers' organizations in support of research and technology transfer systems was fully recognized. This not only helps facilitate the implementation of decentralized and interactive research and extension systems but will make the beneficiaries of these projects more effective recipients of external support which will contribute to longer-term self-reliance. Donors and national governments alike were called upon by the Seminar to develop effective modes of collaboration and joint planning between research, extension and farmers' organizations. The Seminar felt that IFAD should go beyond the existing two levels of linkages - research/extension and extension/farmers - and promote a triangular dynamic interaction with research/extension/poor farmers in a continuum. The effect would be to internalize research and extension efforts into a participative, self-reliant system, with poor farmers as equal partners. As explained above, this precisely is the goal the Fund will be pursuing in the coming decade.

As called for by the Seminar on Generation and Transfer of Technology for Poor Farmers, IFAD will also continue its endeavour to assist in the development of a specific policy framework for the technology system, setting out the goals and operational modalities and including a mechanism for monitoring and evaluating of the appropriateness and efficacy of this framework.

MANAGEMENT AND ADMINISTRATION

Special Programming Missions in 1988 (SPMs)

The choice of countries to receive SPMs in 1988 was largely "problem-driven". The objective of SPMs is essentially threefold: (i) to create a basis for policy dialogue with governments on the general framework of smallholder development; (ii) to develop IFAD country-specific strategies as a guide to the Fund's investment allocation; and (iii) to identify specific projects and programmes to be entered into the Fund's future pipelines.

Since policy dialogues tend to be most intense in countries which have significant IFAD-supported project activities, considerable emphasis in 1988 was placed upon countries in need of a fresh analysis or a strategy statement for the development of dwindling project pipelines. The three SPMs fielded by IFAD in 1988 to Brazil, Ethiopia and Rwanda reflect these problem-driven concerns: Brazil with new approaches required to the entrenched poverty in the Northeast; Ethiopia with opportunities for a review of macro-economic policies and institutional support for smallholder production in the wake of deteriorating conditions; and Rwanda with its foodcrop sector approaching a turning point in terms of available land. In addition, a Rural Development Review Mission visited Oman to have a first look at the entrenched rural poverty problems facing this country and to evolve a possible role for IFAD.

An analysis of the results and recommendations of each of these missions will be provided in the next Annual Report, since final reports and recommendations were not available as this Report went to press.

Implementation Follow-up

Overview of Project Portfolio[1]

As of 1 November 1988, 235 loans for 232 projects had been approved since IFAD began its operations in 1977. Of these, 46 projects have already been completed and 20 had not yet become effective. A total of 166 ongoing projects were therefore under implementation - 68 (40.9%) in Africa, 44 (26.5%) in Asia, 28 (16.9%) in the Near East and North Africa and 26 (15.7%) in Latin America and the Caribbean.

One of the salient features of the Fund's 1988 portfolio was substantial increase in the number of projects being completed. While twelve projects were closed during the first ten months of the year, it was expected that this number would rise to 25 by the end of 1988. This is a significant increase since, in recent years, only 10-11 projects have been closed annually. The rise in the number of projects being completed signifies a maturing portfolio in which the number of projects completed in a given year should more nearly approximate the number being approved. This means that in coming years the Fund will be devoting greater attention to completion and ex-post evaluations for feedback and consolidation of its project experience.

(1) Figures and descriptions in this section include loans/projects approved and implemented under the Special Programme for Sub-Saharan Africa (SPA).

Project Elaboration

Improvement in project implementation requires that the Fund take particular care in the build-up of its pipeline of projects. To aid in selecting pipeline projects for individual countries, IFAD is gradually building up country strategies specific to the Fund's intervention requirements. This involves evaluation of both economic and financial conditions, of the poverty processes at work and of the development constraints facing the countries concerned, as well as the performance of ongoing IFAD-financed projects. IFAD also uses the findings and recommendations of Special Programming Missions and General Identification Missions to provide a spectrum of project ideas from which the Fund selects for subsequent processing those that are most in line with its objectives.

Additionally, project design now places much more emphasis on establishing a positive systemic relationship between the protection of the environment and poverty alleviation, reversing the existent negative linkage between poverty and environmental degradation. Furthermore, increased attention is given to creating both off-farm and on-farm employment opportunities and assuring the participation of the farmers, especially women, in project activities.

In short, a thorough examination of the rationale of IFAD's intervention is the most critical phase of the project cycle. IFAD's projects are *identified* either by the Fund's own field missions (SPM, General Identification Mission and Special Identification Mission) or the task is entrusted with the FAO Investment Centre. Once a project is fully identified, the next step is *preparation*, which is carried out by IFAD or FAO Investment Centre or the potential beneficiary countries. On an average, FAO Investment Centre undertakes 50% of identification and 60% of preparation of IFAD-financed projects. The remaining 50% of all indentifications are carried out by the Fund, while 20% of preparations are done by IFAD and 20% by the recipient governments. Project *preparation* involves undertaking feasibility studies which focus primarily on technical and institutional characteristics and provide the necessary mechanisms for the project's successful implementation, sustainability and replicability. Sometimes projects are selected from the pipeline of other international financial institutions. Finally, the project is *appraised* by a cooperating institution from the point of view of technical feasibility and economic and financial viability. Increasingly, preparation and/or appraisal of IFAD projects are being based on information generated by baseline surveys so that the tentative nature of earlier design assumptions can be replaced by more reliable data. This also helps to avoid future implementation problems.

Diversifying Cooperating Institutions for Project Supervision

Project supervision is undertaken on IFAD's behalf by cooperating institutions which are entrusted with loan administration. As shown in Table 10 below, by the end of 1988, ten cooperating institutions had undertaken the administration of loans and supervision of 243 projects approved by the Executive Board. Of these, the World Bank is the most important, having been involved in the supervision of almost half of the projects. The management of IFAD has made particular effort to diversify the Fund's cooperating institutions to promote greater regional bank involvement and include sub-regional development banks. The role of United Nations Development Program/Office for Project Services (UNDP/OPS) as a cooperating institution was also increased sharply with 26 new projects in the 1983-88 period as compared with only 7 in the first five years of IFAD's operations. Since 1984, the West African Development Bank (BOAD) has been entrusted for the first time with the responsibility of administering four IFAD-initiated projects. Other regional and sub-regional organizations with a substantially increased share of loan administration include the Arab Fund for Economic and Social Development (AFESD) and the Andean Development Corporation (CAF), and the Caribbean Development Bank (CDB), respectively.

IFAD's Cooperating Institutions Entrusted with Loan Administration and Project Supervision Table 10

Cooperating Institution	Total Projects 1978-88	%
World Bank (IBRD/IDA)	123	50.6
United Nations Development Programme/ Office for Project Services (UNDP/OPS)	33	13.6
Asian Development Bank (AsDB)	22	9.1
Inter-American Development Bank (IDB)	18	7.4
African Development Bank (AfDB)	15	6.2
Arab Fund for Economic and Social Development (AFESD)	13	5.4
Andean Development Corporation (CAF)	6	2.5
Caribbean Development Bank (CDB)	6	2.5
West African Development Bank (BOAD)	4	1.6
Central American Bank for Economic Integration (BCIE)	3	1.2
TOTALS	**243**	**100.0**

Ensuring IFAD Specificity in Implementation

The supervision of projects is carried out by cooperating institutions on a regular basis, but its frequency and intensity vary from institution to institution and depend also on the performance of the projects. In addition to IFAD staff or consultants participating in normal supervision missions in 1988, IFAD has whenever necessary also separately fielded special implementation follow-up missions. These missions have been taken to ensure that IFAD specificities as embodied in project design are maintained during implementation. Supervision and implementation follow-up missions have also been instrumental in identifying problems which call for particular attention and care. Furthermore, at the mid-term of a project's life, mid-term review/evaluation missions have often been fielded to make an in-depth assessment of implementation status, and if possible, a preliminary indication of project effects and impact. The information feedback from these missions has helped in providing direction to project implementation during the remaining life of the project, with adjustments, if necessary, to achieve its objectives.

Expediting Project Start-up

In 1988, on average about 300 days were required for a loan to become effective, reversing the recent trend of longer periods. Project start-up, including effectiveness, is often delayed by constraints such as: difficulties in complying with the conditions of effectiveness; delays in recruiting project staff; incipient problems caused by the government's and project staff's lack of familiarity with procurement and other administrative procedures; and untoward delays in the smooth launching of the projects. Other factors particularly contributing to loan effectiveness delays are the considerable time required for the submission of required legal opinions, complications in the establishment of a Special Account and problems in the conclusion of subsidiary agreements between recipient governments and executing agencies.

In order to overcome these problems so as to expedite project take-off, IFAD has fielded special start-up missions. One such mission recently fielded to the Production Credit for Rural Women Project in Nepal was focused on the appointment of the project coordinator, the establishment of two Special Accounts - one for the credit component and one for the operational activities of the Women's Development Section - and the signing of an onlending agreement between the Government and the Nepal Central Bank.

The SOF established within the framework of the SPA also aims at facilitating project start-up and at eliminating unnecessary delays in implementation. The Facility provides (i) assistance, in the form of grants, to undertake action required for start-up, such as preliminary studies, baseline surveys, preparation of tender documents; and (ii) grants for resolving implementation bottlenecks. Some three grants were made under the Facility during 1988.

Even after start-up, projects often encounter endogenous factors which can, to varying degrees, cause either delays or outright failures in achieving their expected targets and objectives. For example, in the early stages of project implementation, the physical resource base may be found to be insufficient or different from that assumed at appraisal or otherwise changed since the time of formulation. Similarly, the human resource base anticipated at project appraisal sometimes proves to be unrealistic. Another factor contributing to implementation delays is the difficulty in recruiting an adequate number of qualified project staff. Even after recruitment, the high turn-over of staff jeopardizes effective management and execution of projects. Moreover, inadequate coordination among executing agencies can pose problems, particularly in the case of multi-component rural development projects. The coordinating mechanism envisaged at appraisal is also sometimes found defective.

IFAD has found that the government's failure to provide sufficient local counterpart funds to the project has become a particularly severe impediment to implementation. These cases have increased due to the worsening financial constraints facing many developing countries. In a few limited cases arrears in principal and for interest payments have led to the suspension by IFAD and cofinanciers of loan disbursements to certain projects, calling a halt to further implementation and adversely affecting future project pipeline build-up for the countries concerned. This phenomenon, however, has remained narrowly circumscribed.

The influence of the factors mentioned above has affected project performance to various degrees. In fact, during 1988 the achievement of the physical, institutional and financial goals of some projects was seriously disrupted. Many projects are encountering problems and constraints which, unless they are resolved in a timely manner, will hinder project implementation and the fulfillment of ascribed goals. Close and frequent supervision and subsequent follow-up have thus become crucial.

Farmers clear vegetation for a community pond as part of the Rural Development Project for the Guaymi Communities in Panama.

Improving Implementation Through Greater Participation in Field Missions

The Fund has been closely monitoring the planning and fielding of supervision missions undertaken by the cooperating institution, with a view to quick follow-up on the main issues to be addressed and the recommendations for remedial action on the part of the project executing bodies and governments.

As mentioned above, IFAD staff or consultants are increasingly participating in such missions. Equally important, the staff has gradually been drawing lessons from its evaluation of ongoing projects, which are being used in the formulation of new projects. The major and persistent deficiencies hindering effective implementation have been highlighted and screened from project designs to avoid repeating the same mistakes. As a result, newly formulated projects are likely to tackle in advance factors adversely affecting implementation and be more flexible in coping with changing situations.

IFAD has also been emphasizing training programmes for project staff, government officials and beneficiary farmers to ensure smooth implementation and minimize human resource bottlenecks. Participants in these implementation workshops explore typical implementation problems faced in IFAD-financed projects and develop ways and means of overcoming them. Budget constraints have limited such training activities during 1988, however.

Intensive follow-up of projects with serious implementation problems has also been accomplished through the internal review mechanism established for that purpose by the Fund. During 1988, two to three such reviews have been undertaken for each region. Altogether, since the inception of this process, 40 projects have been reviewed. Of these, 13 have been dropped from the problem list in view of a marked improvement in their performance as corrective measures were introduced.

For instance, the Rural Development Project for the Guaymi Communities in Panama was reviewed in 1987 and early 1988. Following the review's recommendations, a reformulation mission fielded in June 1988 resolved the long-standing technical and policy issues, which included: (i) the integration of Guaymi leadership in the technical and administrative committees of the project thereby ensuring that the project implementation process be sensitive to the felt needs of the Guaymi communities. The Guaymi leadership will now be able to influence the pace of implementation of land reforms, expeditiously delivering clear land titles to the communities so that project activities can be undertaken for the exclusive benefit of the Guaymies. Furthermore, through these communities the Guaymi leadership will also influence credit allocation and the choice of type and location of other project components such as rural roads and health and education centres; (ii) the appointment of new coordinators who are familiar with the local environment and experienced enough to be able to expedite the implementation of the project; and (iii) a reduction in the sub-loan ceiling from US$ 20 000 to US$ 5 000 so that loans can be targeted at the poor Guaymies in support of economic activities with which they are familiar, thereby avoiding leakages to non-Guaymi, better-off beneficiaries. This appeared to have happened with livestock loans during the early phase of project implementation. The project as adjusted is now moving ahead in effectively addressing the needs of the target population.

In the case of the Agricultural Marketing and Credit Project in Lesotho, the managerial and financial weakness of Coop Lesotho, one of the main executing agencies, has been corrected on the basis of a Capitalization and Rationalization Plan prepared by a team of international management consultants. A Government of Lesotho/Coop Lesotho Implementation Committee was established to take follow-up action along the lines of the report's recommendations. Also, as agreed upon earlier between IFAD and the Government of Lesotho, a Cooperative Policy Paper has been issued by the Government clarifying the status of Coop Lesotho and set out the framework for its future cooperation with primary cooperatives. Improvements have also been made in the operations of the Lesotho Agricultural Development Bank, another executing organ. The Bank has prepared and started to implement a programme to expand its network and services to rural areas, thus improving its outreach. A new window has been opened to extend credit to the landless. Institutional strengthening has led to a substantial increase in credit delivery to smallholders and small rural enterprises.

Sharpening IFAD's Hallmark

In the past four years, IFAD's lending has slowed down due to resource constraints. The management of the Fund utilized this temporary constriction to overhaul IFAD's approach to project development to bring out specificity and innovative features in all Fund-financed projects, to promote a more active Fund role in determining its strategies at the country level, to initiate and prepare an increased percentage of IFAD-funded projects while expanding and diversifying its relations with cooperating institutions.

Because projects - IFAD-initiated or otherwise - have had to meet strict selection criteria applied by Management, the quality of the projects in the pipeline has improved. This is corroborated by a recent survey which compared projects in the pipeline with a sample of first-generation IFAD projects. The main findings of the survey are as follows:

(a) Current IFAD projects define project beneficiaries more sharply than the control sample of past projects. The landless comprise a greater percentage of the target group in current projects than in the earlier loan sample. Current project designs also incorporate specific measures to reduce the leakage of project benefits to unintended beneficiaries.

(b) Almost all recent projects as opposed to a selection in the control sample, not only identify the productive role of women more systematically, but also include specific components or sub-components which aim at improving their standard of living.

(c) Current projects provide more information on environmental impact than earlier projects. In addition, the former include more specific measures for relating poverty alleviation to environmental protection.

(d) Current projects provide far more effective mechanisms for beneficiary participation in project planning, implementation and follow-up. In most of these projects, intended beneficiaries are stipulated to organize themselves into farmer associations, credit groups, water users' associations, women's clubs, etc.

(e) As compared with earlier projects, a larger share of projects in the pipeline call for active participation of NGOs in project-related activities.

(f) All recent projects identify the special needs of rural women and specify measures to help them, compared to only 40% of past projects.

The Shifting Emphasis in Monitoring and Evaluation

The year 1988 was a period of consolidation for IFAD's Monitoring and Evaluation (M&E) activities. The number of mid-term and completion evaluation missions undertaken during 1988 were respectively 11 and 5, for a total of 16. However, the number of comparative cross-cutting or sub-sectoral studies increased to three.

All activities related to the design of M&E systems in IFAD-funded projects were transferred to the regional divisions in the Project Management Department in mid-1987. The transfer of M&E design activities was done to facilitate better integration of M&E design into project preparation as well as implementation, thereby allowing the limited staff and budgetary resources of the M&E Division to concentrate on the design and conduct of mid-term and completion evaluations for an ever-increasing number of IFAD-funded projects reaching these stages. M&E technical backing is available to the Regional Divisions in, for example, the design of baseline surveys or in M&E arrangements for innovative projects. For instance, in 1988 an M&E officer carried out a mission to Lesotho to design the M&E system for the IFAD-initiated Local Initiatives Support Project.

Another development in 1988 was the first meeting of the Evaluation Committee established by the Executive Board at its Thirty-Second Session in December 1987. Composed of ten Executive Directors, the Committee assists Executive Board Members in the review of completed projects in order to assess lessons and improve the design and implementation of future projects. In 1988, the Evaluation Committee reviewed two completed projects - the Assomada Integrated Agricultural Development Project in Cape Verde and the Bhima Command Area Development Project in India - closed, respectively, in 1985 and 1984. In addition, the Committee considered one cross-cutting evaluation study, "Credit for the Rural Poor: A Review of IFAD's Experience, 1978-87".

Range of Work in 1988

IFAD's M&E activities in 1988 reflect the Fund's increasing emphasis on mid-term and completion evaluation.

- There were 11 mid-term evaluations, distributed among the four regions as follows: Six in Africa (in the Central African Republic, Côte d'Ivoire, Ethiopia, Kenya, Sao Tome and Principe and Swaziland); three in the Near East and North Africa (Jordan, The Sudan and Syria); and one each in Asia and the Pacific (Bangladesh) and Latin America and the Caribbean (Haiti).

- There were also five completion evaluations, distributed as follows: two in Africa (The Niger and Senegal); one in the Middle East and North Africa (Yemen, P.D.R.); one in Asia (Nepal) and one in Latin America and the Caribbean (Honduras). In addition, a completion evaluation of the training activities undertaken by the Near East and North Africa Regional Agricultural Credit Association (NENARACA) under an IFAD grant was carried out.

- Cross-cutting comparative studies of projects were begun or completed in the following sub-sectors: credit; livestock; and agricultural extension and research. The credit study, based on a review of 94 projects, was submitted to the Evaluation Committee for its review and will be published in early 1989.[1] The livestock comparative study, based on the review of 26 IFAD projects with livestock components, is expected to be finalized in 1989. The agricultural research and extension study, based on a review of 25 projects (10 reviewed in the field) will be completed early in 1989 and reviewed by the Evaluation Committee.

- National M&E training workshops as a follow up to AMTA[2] were held in Burkina Faso and the Central African Republic. In addition, national M&E workshops were held in China and Jordan. Also, training in M&E was imparted by IFAD under the auspices of AMTA III, which will cover senior staff selected from ongoing projects funded by IFAD, AfDB and the World Bank in Ethiopia, The Gambia, Ghana, Kenya, Sierra Leone, the United Republic of Tanzania and Uganda.

- Research and publications in M&E methodology continued and formed a sizeable part of the M&E activities. The second volume of the two-volume World Bank-IFAD-FAO publication on monitoring and evaluation of agriculture projects, entitled "Collection, Analysis and Use of Monitoring and Evaluation Data", was published in early 1988. The first volume, "Project Monitoring and Evaluation in Agriculture", was published in October 1987 and reportedly became the third best seller of all World Bank publications. Work was initiated in 1988 on the companion volume on sub-sectoral M&E guidelines (e.g., credit, agricultural research and extension, irrigation, agro-forestry, integrated rural development) to be edited and published by IFAD as part of an M&E series. Other volumes in the series will be (i) the revised edition of the "Guiding Principles on the Design and Use of M&E in Rural Development Projects and Programmes" of which IFAD has printed and distributed, since 1984, over 44 000 copies in four languages; (ii) Guidelines on Baseline and Follow-up Surveys for Rural Development Projects; (iii) Comparative Sub-Sectoral Studies of IFAD Projects, e.g., the recently completed second credit study and other similar studies.

Assessing Project Results

The overall results of all these evaluation activities in 1988 underscored the continued effectiveness of a grassroots, microeconomic approach specifically targeted at the problems of the rural poor. In many areas, the lives of resource poor farmers, herders and fishermen have already been transformed. In Sao Tome and Principe, for example, the IFAD-supported Artisanal Fisheries Project has led to a 60% increase in catches since 1984 (from 1747 tons to 2787 tons) and has raised the average annual per capita consumption of fish by 66%. Since 1983 the Small Farmers Credit Project in Jordan increased vegetable production by 110% and more than doubled farmers' incomes. The National Extension Project in Kenya successfully extended such new technologies as row planting, inter-cropping of maize and beans, fodder cultivation and improved pest and disease control. Many farmers under this project have begun applying fertilizers

(1) The publication of the Credit Study will be ensured through a grant from the Government of Switzerland.

(2) Agricultural Management Training Programme for Africa: an IFAD-financed programme covering 24 countries of the Continent.

and introduced zero grazing practices for the first time, while women have successfully undertaken horticultural nurseries and poultry keeping. The Small Farmer Development Project in Nepal has not only exceeded the physical and financial targets set at appraisal but has made a major impact on Nepal's national development strategy by setting an example of effective organization and participation of the poor in their own development. The successful involvement of women in agricultural and income-earning activities, in particular, has led to further efforts at replication.

Other impacts and effects have been less positive. Management and coordination problems have hampered the implementation of the Smallholder Credit and Marketing Project in Swaziland. Only four of 12 irrigation schemes have been partially rehabilitated, dampening the effects of extension and leading to very low loan recovery rates. A major overhaul and strengthening of project management led the recommendations of the Mid-Term Evaluation (MTE) on this project. The Artisanal Fisheries Development Project in the Abby Lagoon in Côte d'Ivoire has suffered from overexploitation of fish resources, leading to recommendations for the periodic closing of fishing and for prohibition of certain kinds of fishing gear and nets. In the Small-Scale Flood Control, Drainage and Irrigation Project in Bangladesh, delays in both land acquisition and in the formation of Polder Management Committees have slowed implementation, while project contractors have failed to follow design specifications. Supervision of this project has been insufficient, and the MTE recommended a number of specific and strong interventions to bring it on track. While the Second Maradi Rural Development Project in The Niger succeeded in winning farmers to the advantage of self-mobilization and community participation, Government financial constraints and exceptional years of drought have severely lowered expected gains in food crop production.

Some General Lessons

In addition to tracking project results, all evaluation exercises, including the findings of the Evaluation Committee of the Executive Board, are meant to be steadily and systematically fed back into the IFAD project pipeline. The idea is to learn directly from experience. A number of key lessons emerge from the Fund's evaluation activities in 1988.

One is that increased emphasis should be given to preparatory studies in advance of project design. This is particularly important with respect to the assessment of available and economically exploitable natural resources and in the compilation of basic socio-economic data. Many of the unpredicted difficulties encountered in the Maradi project in The Niger, for example, could have been avoided by more intensive project preparation, especially in the analysis of the Government's financial situation and the fragility of ecological conditions.

Generally, M&E studies suggest that environmental impact is an issue meriting thorough pre-project investigation and monitoring of implementation in depth. The kinds of small-scale irrigation and water harvesting schemes in which IFAD increasingly specializes deserve especially close attention. The low quality of workmanship in the civil works for the Bangladesh irrigation project has not only delayed phased implementation but must be carefully watched to avoid adverse ecological consequences. A key reason for the depletion of fish stocks in the Côte d'Ivoire fisheries project has been run-off from the surrounding hills which have increased silting and closed the pass from the lagoon to the ocean, adversely affecting the fish reproductive cycle.

Drawing on the knowledge and traditions of farmers themselves proved important in increasing cassava production (by about 500 tons/ha) in the Ombella Mpoko Rural Development Project in the Central African Republic. The farmers showed a higher regard for the new cassava techniques introduced to them than for the cultural techniques for maize and groundnuts. This was a key to improving farmers' incomes (particularly women farmers) by 59%. It underscores the importance IFAD attaches to an in-depth knowledge of target groups and their own traditions.

A number of projects evaluated in 1988 show the importance of intensive beneficiary participation in both project design and implementation, particularly in the diffusion of credit and technological packages and in the construction and maintenance of irrigation schemes. The MTE of the much delayed Bangladesh Small-Scale Flood Control, Drainage and Irrigation Project strongly recommended that both sub-district and farmers' committees be founded to assist the polder committees in their work. They should be provided with a short instruction report by the consulting engineer describing their duties, so that farmers themselves can begin exercising more control.

More attention is also needed to ensure that landless labourers benefit directly from project interventions. In the Bhima project in India, the landless benefited only indirectly. In the case of the Bangladesh Small-Scale Flood Control, Drainage and Irrigation Project, the Mid-Term Evaluation Report noted that benefits of increased production accrue to farmers in direct proportion to the amount of land they owned.

Small and marginal farmers and the landless majority may have been left with limited gains. The MTE therefore recommended that a number of specific project components be directed exclusively at the target group, as an effective means of ensuring both their participation and their reward. Along similar lines, the Evaluation Committee of the Executive Board recommended greater emphasis on the creation of innovative, grassroots institutions for credit provision in remote or marginal areas where credit is usually unobtainable.

While the Evaluation Committee also found that the policy of offering credit to groups, which is characteristic of IFAD, has many advantages and has proven successful in allowing access to credit for the landless and women, close attention was recommended in several areas. One area recommended for further study is group composition and its influence on credit project results, with special reference to failures. Another is beneficiary participation in all aspects of credit projects, with reference to bad debt risk dispersion and methods of mobilizing savings. Costs of credit delivery to the rural poor, including precise data on real costs and a comparative analysis of cost-reducing measures, should also be evaluated.

These lessons drawn from 1988 evaluation activities add to the growing volume of feedback for direct application to the project pipeline. With IFAD's M&E activities now streamlined and consolidated for the purpose of extracting project experience and putting it to use, the growing reservoir of mid-term and completion analyses will continue to strengthen the impact of the IFAD style.

Organization and Staff

At the beginning of November 1988, 189 of the 211 authorized regular staff positions were either occupied or in the process of being filled. Of these, 76 were in the professional and higher categories of the UN common system and 113 support staff positions in the general service category. The professional and higher staff of IFAD comprised nationals of 37 different Member States. As in previous years, IFAD used the services of consultants, conference personnel and other temporary staff, thus enabling it to meet its operational needs while maintaining the regular staff at the minimum approved level.

An IFAD organization chart and list of senior staff are provided on page 99.

Cooperation with the United Nations and Other Bodies

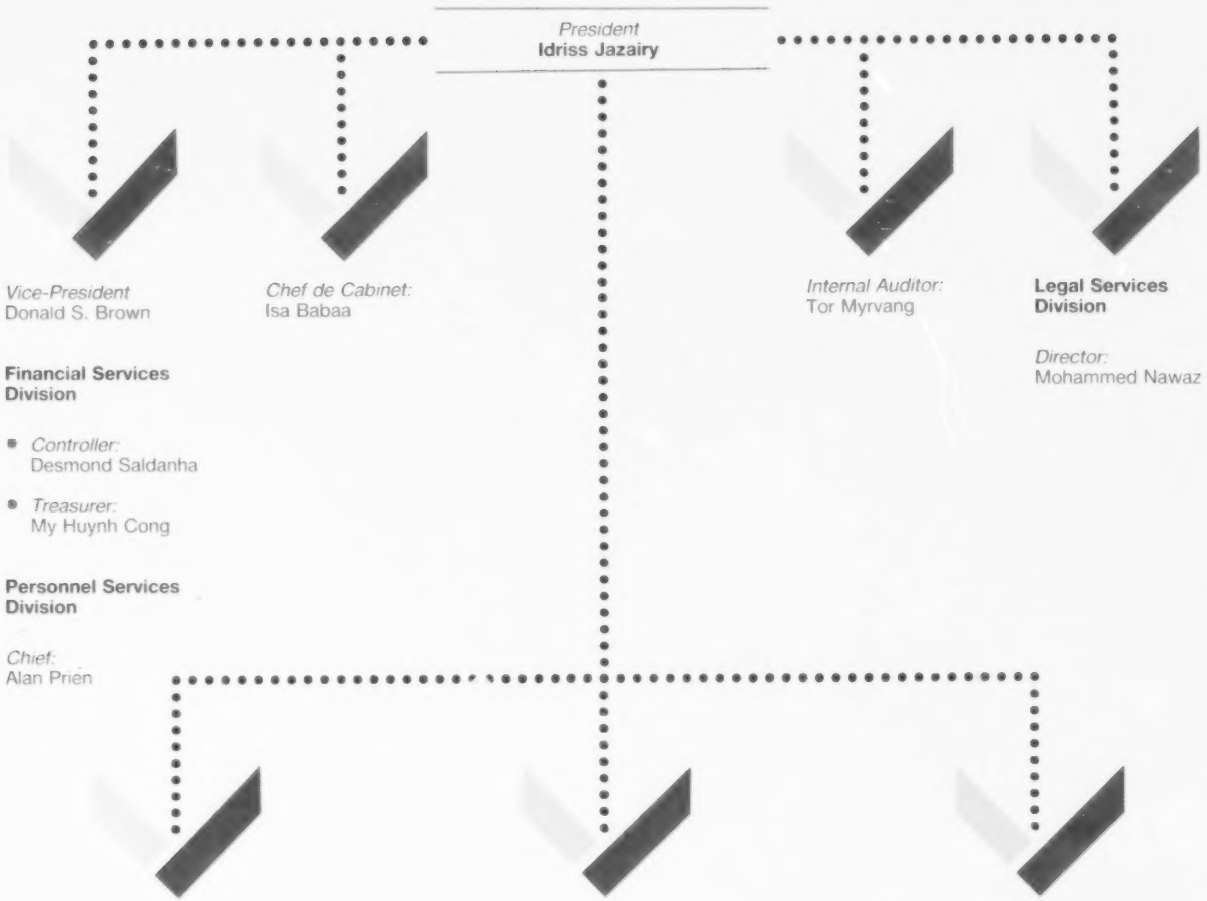
During 1988, IFAD continued its collaboration and cooperation with organizations within and outside the United Nations System involved in development activities, specifically those with similar concerns in the field of food production, agriculture and rural development. These cooperative activities are undertaken either under the terms of various forms of cooperation arrangements (Cooperation Agreements, Memoranda of Understanding or Exchange of Letters) established by the Fund with other organizations or on an *ad hoc* basis as may be necessary and practical.

During the year, the Fund established two new Cooperation Agreements, one with the United Nations High Commissioner for Refugees (UNHCR) and the other with the United Nations Industrial Development Organization (UNIDO). The Agreement with UNHCR provides a formal basis for both parties to benefit from each other's resources and expertise. In particular, UNHCR's financing of the employment of refugees and displaced persons in rural works and schemes related to development has relevance to IFAD's operations. Under the Agreement with UNIDO, IFAD and UNIDO will cooperate in the identification, preparation and implementation of agro-industrial projects which are compatible with IFAD's mandate. Special emphasis will be given to food processing industries in the rural areas in the context of integrated rural development programmes and the development of appropriate technology for IFAD's beneficiary groups.

IFAD'S Cooperation with Regional Organizations

In pursuit of the Fund's continued endeavours to contribute effectively to the economic recovery of Africa, cooperation between IFAD and the Organization of African Unity (OAU) reached a new level of activity in 1988. The Fund participated in the Thirteenth and Fourteenth Sessions of the OAU Permanent Steering Committee held in Addis Ababa (Ethiopia) from 13 to 18 May 1988, and in New York (USA) from 24 to 30 August 1988, respectively. Concerned with the realization of the objectives of Africa's Priority Programme for Economic Recovery (APPER) and of the United Nations Programme for Action for African Economic Recovery and Development (UNPAAERD) 1986-1990, IFAD attended all meetings of the Inter-Agency Task Force on the implementation of UNPAAERD at the regional level, as well as the meetings of the United Nations Permanent Committee on the Implementation of UNPAAERD. The Fund was actively involved in the preparation of the Secretary-General's Mid-Term Review of the Implementation of UNPAAERD.

ORGANIZATION CHART



Economic and Planning Department

Assistant President:
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- PLANNING AND ECONOMIC ANALYSIS DIVISION
  Director:
  Helio Tollini
- POLICY REVIEW DIVISION
  Director:
  Mohiuddin Alamgir
- MONITORING AND EVALUATION DIVISION
  Director:
  Ram Malhotra

Project Management Department

Assistant President:
Moise Mensah

- ASIA DIVISION
  Director:
  Shiv Nath Saigal
- AFRICA DIVISION
  Director:
  Bahman Mansuri
- LATIN AMERICA AND CARIBBEAN DIVISION
  Director:
  Theodore van der Pluijm
- NEAR EAST AND NORTH AFRICA DIVISION
  Director:
  Samir Asmar
- LOAN IMPLEMENTATION UNIT
  Director:
  Seiji Shindo
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  Bouna Sémou Diouf
- ADMINISTRATIVE SERVICES UNIT
  Chief:
  Gordon Munson

The Fund participated in the Forty-Eighth Session of the Council of Ministers and the Twenty-Fourth Summit of the OAU held in Addis Ababa (Ethiopia) from 19 to 23 May 1988, and from 25 to 29 July 1988, respectively. Reaffirming its solidarity with IFAD, The Council of Ministers adopted Resolution CM/RES.1174 (XLVIII) on the Third Replenishment of IFAD's Resources which was endorsed by the Summit.[1] In line with its agreement with UNHCR to include refugees and displaced persons in its target group, IFAD also participated in the International Conference on the Plight of Refugees, Returnees and Displaced Persons organized by the OAU in Oslo (Norway), from 22 to 24 August 1988.

The Fund joined in the Annual Conference of the Southern African Development Coordination Conference (SADCC) and the UN-SADCC meeting held in January 1988, in Arusha (United Republic of Tanzania).

In order to examine ways to strengthen further IFAD's cooperation with Islamic countries, the President attended the Twelfth Annual Meeting of the Islamic Development Bank in Tunis (Tunisia), on 7-8 March 1988.

The Fund also attended the Annual Meeting of the African Development Bank and African Development Fund held in Abidjan (Cote d'Ivoire), from 1 to 3 June 1988.

Following its participation in the Eighth Summit of the Non-Aligned Movement held in Harare (Zimbabwe) in 1986, IFAD attended the Conference of Foreign Ministers of Non-Aligned Countries held in Nicosia (Cyprus) in September 1988, in preparation for the Ninth Summit Meeting. The conference, *inter alia*, appealed to the international community to extend its full support to IFAD to enter its second decade of activities on a firmer financial basis.[2]

With a view to strengthening its existing cooperation with the League of Arab States (LAS), the Fund participated in the Second General Meeting held between the United Nations and LAS in Geneva (Switzerland), from 29 June to 1 July 1988. The meeting adopted a recommendation[3] regarding the Third Replenishment of IFAD's resources which reflected a new impetus in cooperative relationships between IFAD and LAS. This was the first involvement of LAS in resource replenishment endeavours for the Fund.

IFAD participated in the Seventeenth Annual Meeting of the Arab Organization for Agricultural Development (AOAD) held in Khartoum (The Sudan), from 16 to 21 January 1988.

As a demonstration of concern with issues of food production and food security requirements in the Arab region, the Fund participated for the first time in the Forty-Fifth Session of the Economic and Social Council of the League of Arab States held in Tunis (Tunisia) from 8 to 9 September 1988.

In the context of its continued endeavours to support food production, agricultural and rural development in the Latin American and Caribbean region, IFAD also attended the Twenty-Ninth Annual Meeting of the Board of Governors of the Inter-American Development Bank (IDB) held in Caracas (Venezuela), from 21 to 23 March 1988. The Fund also participated in the Regional Conference on Poverty in Latin America and the Caribbean, organized jointly by the Government of Colombia and UNDP, held in Cartagena (Colombia), from 29 August to 2 September 1988.

IFAD attended the Annual Meeting of the Board of Governors of the Asian Development Bank which was held in Manila (The Philippines), from 28 to 30 April 1988.

With a view to strengthening its existing cooperation with legislative bodies on a global basis, IFAD attended the Eightieth Inter-Parliamentary Conference held in Sofia (Bulgaria), from 19 to 24 September 1988.[4]

1) The text of the Resolution can be found on pages 122-123. It called for completion of the Third Replenishment before the Governing Council Session in January 1989 with the industrialized countries taking upon larger share of the Replenishment in view of the difficulties of traditional contributor developing countries who were urged to maintain their contributions to the Third Replenishment at the same level as the Second Replenishment. The recipient developing countries were requested to make exceptional efforts to achieve the target contributions of US$ 75 million they have set for themselves.

(2) The text of the excerpt from the Report adopted by the Conference of Foreign Ministers of Non-Aligned Countries can be found on page 123. While urging the industrialized countries to increase their share to the Third Replenishment and the traditional contributor developing countries to maintain their Second Replenishment level, the Ministers welcomed the efforts of many recipient countries in substantially increasing their contributions in convertible currencies.

(3) Extracts from the Recommendations of the meeting is presented on page 121. The meeting urged IFAD's Member States to reach a successful result in the Third Replenishment as quickly as possible.

(4) In a Resolution, the Parlamentarians, stressing the need to guarantee the continuity of the structure of IFAD urged the industrialized countries to assume a major share of the Third Replenishment and the traditional contributor developing countries to maintain their share at the same level as the Second Replenishment. Extracts from the Resolution can be found on page 123.

Cooperation with the United Nations Organizations

Following the practices of previous years, the President of IFAD addressed the Second Regular Session of ECOSOC on July 1988. The ECOSOC adopted a Resolution (1988/73) on the Third Replenishment of IFAD.[1]

During 1988, as in previous years, IFAD continued its participation in the work of the Administrative Committee on Co-ordination (ACC) and its Organizational Committee (OC) and selectively joined in meetings of its subsidiary bodies dealing with financial and budgetary matters, personnel issues and overall coordination issues within the United Nations System. IFAD's involvement in the ACC Sub-Committee on Nutrition and the ACC Task Force on Rural Development and its two Panels on Monitoring and Evaluation and People's Participation continued in 1988.

IFAD's cooperation with FAO was further strengthened in 1988. In addition to IFAD's participation in the FAO Council Meeting, IFAD was represented at subject-oriented meetings held under FAO auspices such as the Thirteenth Session of the Committee on World Food Security, the Thirtieth Session of the FAO/Fertilizer Industry Advisory Committee of Experts and related meetings, the Thirteenth Consultation on the FAO Fertilizer Programme, the Sixth Technical Consultation of AGRIS Participating Countries, the Fourth Technical Consultation on the Scheme for Agricultural Credit Development (SACRED) and the FAO/UNDP Workshop to discuss Programme Preventive Control against Desert Locust in West and North-West Africa. In addition, IFAD participated in the Fifteenth FAO Regional Conference for Africa and the Nineteenth FAO Regional Conference for Asia and the Pacific. FAO continued to be involved in IFAD's project identification, monitoring and evaluation and in elaborating projects and programmes financed under IFAD's Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification.

The World Bank, the Regional Development Banks and other multilateral and bilateral institutions, including those in the developing countries, continued to render valuable services to IFAD in the appraisal and supervision of projects. A high-level delegation from IFAD participated in the Annual Joint meeting of the World Bank/IMF in Berlin (Federal Republic of Germany), from 25 to 29 September 1988, including participation in the Multilateral Financial Institutions meeting held under the auspices of the European Investment Bank. In the final communiqué[2] of the Development Committee, members recognized the important role played by IFAD in the fight against poverty and called upon all member countries to conclude negotiations on the Third Replenishment successfully and expeditiously.

Following the high-level consultations at the top management level between IFAD and the WFP, cooperation has been intensified with a view to the provision of adequate services to smallholder sectors benefiting from food aid in the developing countries. As in previous years, IFAD also joined in the work of the Twenty-Fifth Session of the Committee on Food Aid and Policies and Programs (IFA), commemorating the 25th Anniversary Celebration of WFP.

Given the link between poverty and the environment, environmental issues have increasingly come to the forefront of IFAD's activities. IFAD joined CIDIE in 1986 and hosted the Eight Session of the Committee in Rome (Italy) in 1987. IFAD participated in the Ninth CIDIE Meeting and in the Meeting of Selected Permanent Representatives to discuss financing and other measures to support the Plan of Action to Combat Desertification held under the auspices of UNEP. IFAD sponsored, from 11 to 13 October 1988, the International Consultation on Environment, Sustainable Development and the Role of the Small Farmers held in Rome (pages 80-81).

IFAD's involvement in the activities of the Joint Consultative Group on Policy (JCGP) continued in 1988. The President attended the Top Level Seminar of the JCGP on issues of structural adjustment.

(1) The text of the Resolution is presented on pages 122-123. It calls upon Member Countries to complete replenishment before the end of 1988 and to this end appealed to them to take positive actions as soon as possible. Recipient countries who have not yet done so were invited to announce their increased contributions.

(2) Extract from the final communiqué can be found on page 123.

Information and Communications

During 1988, IFAD has endeavoured to build upon existing information/communications policies with the aim of securing a broader public awareness of the organization's activities within the limits of a modest information budget. Particular advantage is being taken of the technological advances in the field of telecommunications and the abundance of IFAD research and information available for publication.

Marta Minujin.
Hunger, 1982.

IFAD and Artists

During the celebrations surrounding IFAD's Tenth Anniversary in 1987, the Fund reached out to the artistic community for a demonstration of solidarity against the evils of poverty and hunger. On the basis of an Agreement of Association, IFAD participated in an endeavour with the "Artists to End Hunger" (AEH) to organize an art show in Washington, D.C., and St.Paul, Minnesota (USA), in collaboration with the Worldview International Foundation (WIF) - an international NGO working with communications media to support Third World development. This art show involved the work of artists based in the United States.

In order also to give an opportunity for expression to those who are directly affected by poverty, IFAD associated African art and music with the art show as the exhibition travelled to Oslow (Norway) and Goteborg (Sweden).

This determination of IFAD to give expression to a broader selection of artistic creation led to the organization of two parallel exhibitions in Paris (France) as the exhibition of the "Artists to End Hunger" was not prepared to open up to other artists. Thus, from the Art Show for the End of World Hunger, a second Art for Africa exhibit was organized at IFAD's initiative and with the sponsorship of His Excellency François Mitterrand, President of the French Republic, which was opened to participation by leading artists from France and Africa. As distinct from the AEH, the contributors to Art for Africa allowed their paintings to be put up for public auction to benefit IFAD's Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification. This gesture was lauded by Paris Mayor, Jacques Chirac, as "an exhibition of conscience and goodwill". Such a spontaneous demonstration of solidarity of the artists from countries rich and poor with the hungry of the world proved anew that artistic creativity is not correlated with the level of affluence. Indeed, the expression of art is a flowering of the human spirit.

IFAD on Film

Over the years, various technical films have been produced as a result of, or in connection with, IFAD projects. These films have been designed to train project officers or beneficiaries, or to highlight successful development strategies to be replicated. This year, for example, an 18-minute film was produced in Arabic, entitled "Tomorrow's Bun", covering IFAD's projects throughout the developing world. Specific emphasis was placed on credit, extension, research and irrigation in the Near East and North Africa. In addition, a 20-minute film on IFAD's Tenth Anniversary celebration was produced in cooperation with Algerian Television. Until 1988, however, no general purpose film on IFAD itself - its aims and unique approach to the problem of poverty alleviation - had been undertaken. The first such institutional film on IFAD for general distribution was completed in July 1988. The six-minute film, currently available in Arabic, English, French, Italian, and Spanish, gives a concise overview of the Fund's founding, its operations and governing structure. Efforts are underway to increase distribution of this and other films already produced on IFAD projects - notably with the assistance of national, regional and international agencies and NGOs.

For example, an agreement with the Inter Press Service (IPS) was concluded in 1988 with the specific objective "to publicize in Latin America and the Caribbean new ideas and concepts to ensure the sustainability of rural development projects particularly geared toward poverty alleviation and the modernization of agriculture with special emphasis on meeting the needs of small farmers and landless labourers". The three-year project, funded by the Italian Government, is being carried out by IPS in cooperation with the national information systems of 21 countries of the region, grouped in the news exchange system "Acción de Sistemas Informativos Nacionales" (ASIN).

An agreement was also made with Algerian television for the co-production of IFAD films and their distribution through ARABSAT, the Arab satellite network, and the African exchange centre. Distribution through ARABSAT has been recommended by a resolution adopted in September 1988 by the Programmes Committee of the Arab States Broadcasting Union.

Similarly, a working agreement was reached in September 1988 with the Belgian NGO R.T.T.M. - R.T.D.W. (Radio-Télévision pour les pays du Tiers Monde et d'Outre-Mer/

Radio en Televisie Voor Derde Wereldlanden en Oversee), for the distribution of IFAD films to Benin, the Central African Republic, Côte d'Ivoire, Haiti, The Niger, Senegal and Zaire. Informal agreements for distribution have also been reached with public broadcasting stations in the United States as well as the US Spanish-language television network.

IFAD Publications in 1988

Beyond telecommunications, IFAD recognizes that the written word is still an effective and powerful communication tool which can be used to reach both general and specialized audiences alike. The Fund is exploring means of publishing its research and findings on a regular basis and under a distinctive imprint.

Four new information brochures were undertaken in 1988. A brochure issued early in the year in conjunction with the Fund's Tenth Anniversary, entitled "Poor Farmers' Helping Hand", tells the essence of IFAD's first ten years in a few basic words and some representative photographs. The brochure portrays the Fund as a new and different kind of development institution whose low-cost, grassroot projects are designed to reach a maximum number of recipients.

Other publications under way in 1988 included a survey of IFAD's experience with and assistance to the women farmers who constitute the majority of household food producers in many parts of the developing world; a description of IFAD's experience in promoting technical cooperation among developing countries, stemming in part from the Fund's unique governing and resource structure; and finally, a look at the Fund's efforts to redefine the obsolete image of the rural poor as a welfare sector and to draw instead upon their untapped potential for increased food production and economic growth is presented in "Releasing the Potential of the Poorest Farmers: IFAD's Role".

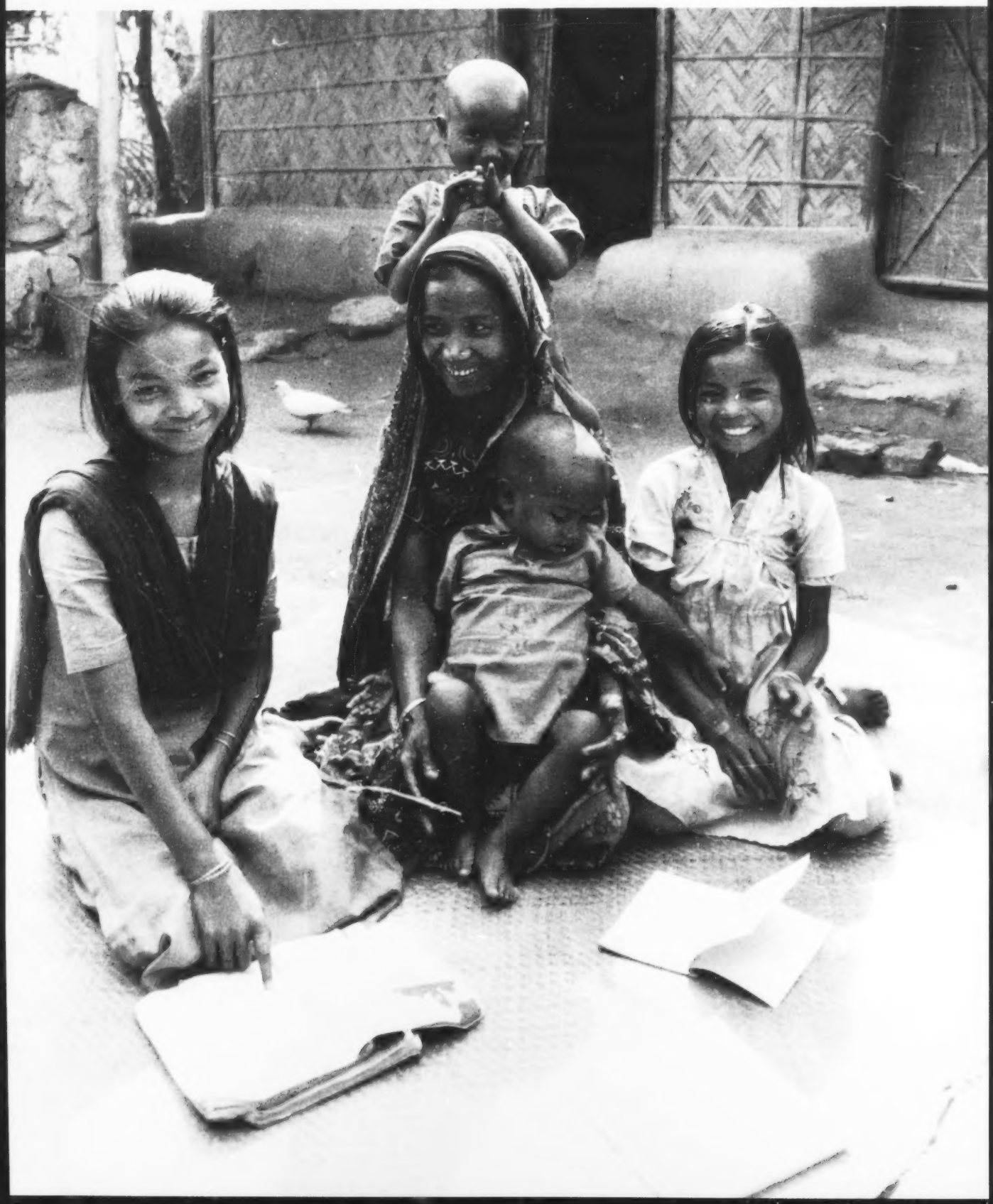
During 1988, also, IFAD participated through publications and photo exhibitions at international conferences and seminars in Brazil, France, Italy, Kenya, Republic of Korea, Nepal, Norway, Switzerland and Tunisia.

Future Directions in Information

IFAD is seeking to take better advantage of the opportunities presenting themselves in the field of telecommunications. Groundwork is being laid for satellite links to broadcast news and documentaries on IFAD projects to Africa, Asia, Europe and North America which have the potential to reach millions of new viewers. Co-production of programmes are being considered with independent and national television networks to fill this new demand. For example, a RAI (Italian) television crew went to Bangladesh during the month of September to film IFAD-sponsored projects for land reclamation, flood control and the Grameen Development Bank. The footage will be used by both RAI and IFAD to help increase public awareness of the severe problems afflicting the rural poor in Bangladesh, particularly in the light of the devastating floods experienced while the RAI crew was present, and of IFAD's efforts to assist the nation's hard-pressed agricultural sector.

These efforts, together with other IFAD activities including seminars, exhibitions, and briefings, are forming the basis for an effective and financially streamlined information and communications service.

SUMMARY DESCRIPTION OF PROJECTS APPROVED



c1: Projects initiated by IFAD's cooperating institutions and cofinanced by IFAD.
c2: Projects initiated by IFAD and cofinanced by other external donors.

e: Projects initiated and exclusively financed by IFAD.

1988 figures are provisional.

Algeria/Tunisia

Project:
Pilot Project in Algeria and Tunisia for the Integrated Rural Development of the Mellegue Watershed
Loan Amounts:
Algeria - SDR 10.9 million (equivalent to approximately US$ 14 million) from regular resources;
Tunisia - SDR 9.3 million (equivalent to approximately US$ 12 million) from regular resources.
Both loans on ordinary terms.

This seven-year *IFAD-initiated and exclusively financed* project (e) will underpin the cooperation already underway between the Governments of Algeria and Tunisia in various fields, specifically through promoting efficient land and water use in the Mellegue watershed, which lies astride their common frontier. The project seeks to arrest the degradation of the environment - and the resource base that it represents for the marginal smallholders there - caused by livestock pressure and the expansion of *meal* cultivation into grazing areas. In Algeria, operations include soil and water conservation, destoning, pasture improvement on rainfed land, the creation of shallow wells and spring rehabilitation for irrigation purposes, and credit for fruit trees and forage plantations. Women will be given loans for poultry production, sheep fattening and handicraft production and they will also receive training for these activities. A development authority will be created for the watershed, and extension services will be expanded. Consultant services will be provided under the technical assistance component. Tunisia, too, will develop measures for soil and water conservation, pasture improvement and reforestation. Feeder roads and village water supplies will be upgraded. Credit for fruit and forage production will be available on group lending conditions. Women's activities will be promoted and training provided for these, as well as start-up credit for handicrafts and garden production, poultry raising and sheep fattening. The conservation and development activities will be undertaken in selected microzones totalling 62 000 ha cultivated by 7 400 farm families: 3 500 in Algeria (35 000 people) and 3 900 in Tunisia (31 000 people). Another 2 800 rural women, 1 400 in Algeria and 1 400 in Tunisia, will benefit from the agricultural and income-generating activities which the project will provide. *Total cost:* estimated at US$ 31.4 million for Algeria and US$ 24.0 million for Tunisia. For the Algeria project, the Borrower will contribute US$ 17.4 million. For the Tunisia project, IsDB is considering the provision of US$ 4.0 million. Without the IsDB contribution, the Borrower will contribute US$ 12.0 million; in the event the IsDB contribution materializes, the Borrower will provide US$ 8.0 million. *Cooperating Institution:* AFESD.

Argentina

Programme:
Programme of Credit and Technical Support for the Small Producers in Northeast Argentina
Loan Amount:
SDR 8.2 million (equivalent to approximately US$ 10.6 million) from regular resources on ordinary terms.

This eight-year *IFAD-initiated and cofinanced* programme (c2) is designed to further the Government's policy of rehabilitating the least developed Northeast Argentina, and thus bring the marginal and small farmers in that area into the national development process. It is also stipulated that, if successful, this programme will be replicated in other regions. Given the acute rural poverty in the four provinces concerned, the programme seeks to tackle its causes by providing: (i) training for small farmers and their groups so that they may become eligible for institutional credit and technical assistance; (ii) helping them to regularize their precarious land tenure situation; (iii) bringing them the technological support needed for their type of farming - mostly on undersized holdings, yet totalling 23 200 ha - and for marketing. Women, too, will be encouraged to intensify and broaden their participation in farm and off-farm activities. Some 4 800 farmers comprising the target group would benefit, making, together with their families, a total of 23 000 beneficiaries. Support for participating institutions will include training for extension staff, financial control and programme monitoring and evaluation, as well as the strengthening of provincial banks and other institutions. The banks will receive loans to provide farmers and their groups, and indigenous communities, with credit for capital investment (machinery, irrigation) and working capital (for the purchase of seed, fertilizer and pesticides, and animals for fattening). *Total cost:* estimated at US$ 23.2 million. IDB will cofinance the project in an amount of US$ 5.0 million, and the Borrower will contribute US$ 7.6 million. *Cooperating Institution:* IDB.

Bangladesh

Project:
Oxbow Lakes Small-Scale Fishermen
Loan Amount:
SDR 5.6 million (equivalent to approximately US$ 7.16 million) from regular resources on highly concessional terms.

Oxbow Lakes play a significant role in the productive activities of the population of Jessore district. They supply much of the fish so important for the people's diet and help to provide a livelihood for full and part-time fishermen and landless occasional operators. Two major problems arise, however. One is social and concerns the access rights to waters flooding private cropland at monsoon time. The other is economic and concerns the equitable compensation of farmers/fishermen who were involved previously in lake exploitation as labourers. This seven-year *IFAD-initiated and cofinanced* project (c2) is supporting the Government's policy of introducing biologically sound practices for sustainable lake management. It places special emphasis on institutional support for the mobilisation of genuine fishermen and their groups in such management rather than on technical intervention. Of significance is the Government's policy of discontinuing the essentially revenue-generating lease system (of advantage mainly to the economically well-placed and to the detriment of equity and sustained lake productivity) in favour of a system of licenses for genuine fishermen and their groups. Project support will comprise civil works for lake development; training for fishermen and women; the provision of rehabilitation of roads, power lines, storage and ice plants and other works; the strengthening of extension services; technical assistance; and credit. Fish ecology will figure largely, as will care to contain environmental damage (disturbed water table levels, drainage problems) potentially arising from the above-mentioned flood control measures. Some 30 closed water bodies will be developed. The target group numbers 6 800 households, and is made up of (i) fishermen living in the vicinity of the lakes: these include the so-called full-time professional as well as the part-time fishermen; (ii) functionally landless households which will be engaged in activities peripheral to the strictly fish cultivation tasks (fish net making, marketing, etc.); and (iii) the functionally landless and the smallholders who fail to obtain a licence for carp fishing and who may be negatively affected in their fishing activities by lake management regulation. The target group also includes women, either in their role as members of fisher households, or as the heads of fisher households. *Total cost:* estimated at US$ 11.12 million. The Danish International Development Agency (DANIDA) is cofinancing US$ 3.13 million and the Borrower will contribute US$ 0.83 million, including US$ 0.10 million of Food for Work (FFW). *Cooperating Institution:* UNDP/OPS

Bhutan

Project:
Punakha-Wangdi
Phodrang Valley Development
Loan Amount:
SDR 2.0 million
(equivalent to approximately
US$ 2.58 million)
from regular resources
on highly concessional terms.

This five-year *IFAD-initiated and cofinanced* project (c2) is designed for implementation during the Government's sixth Five-Year Plan (1987-1992). This project will make a major contribution towards sustaining the development momentum gained under the IFAD-financed Small Farm Development and Irrigation Rehabilitation Project due to close in December 1989. It embraces a wide range of small-scale actions: (i) crop production, specifically through the construction and rehabilitation of irrigation systems in traditional rice-growing areas, with priority given to areas where terrace development is underway and existing systems are inadequate for the paddy acreages served; (ii) rural road upgrading to improve access to cultivated areas with potential for expansion; (iii) animal husbandry - breeding improvement linked with fodder development, animal health and nutrition; (iv) agroforestry and fuelwood production - rapid-growth species; plantings on waste and erosion-prone land; (v) erosion control; (vi) extension - three sub-centres to be established; training, including on-farm demonstrations and training for extension workers and selected farmers; (vii) rural credit, foreseeably adequate to meet input demand generated by incremental production; (viii) input supply; and (ix) marketing, with continuing support for a modest transport system and related near-farm produce-holding facilities. Some 3 500 farm families in west-central Bhutan, operating, on average, holdings of about 1.3 ha each (of which 75% are proposed for irrigation), will benefit from these activities. The beneficiaries will contribute labour on a voluntary basis for the main civil works. These labour inputs will be organized through the Water Users' Associations and village groups. Women play a major role in agriculture, participate fully in farm management decision-making and make important contributions to family cash earnings. Furthermore, their opportunities for participating in the development process are not constrained by either institutional or traditional social barriers. Women will have full access to services under the project, equally with the men, and the labour-saving equipment made available through the rural credit component will be of particular benefit to them. For the livestock/agroforestry component, women will be given the first opportunity to operate the fodder and fuelwood tree nurseries on a commercial basis. *Total cost:* estimated at US$ 3.74 million. UNDP will provide a grant of US$ 0.44 million and the Borrower will contribute US$ 0.72 million. *Cooperating Institution:* UNDP/OPS.

Burundi

Project:
Bututsi Agro-Pastoral
Development
Loan Amount:
SDR 6.7 million
(equivalent to approximately
US$ 8.96 million)
from regular resources
on highly concessional terms.

By Burundi's already low production and income standards, the proposed project area is particularly underdeveloped and disadvantaged. Per capita income is estimated at two thirds of the national average. The area has a substantial food deficit (40% of energy food supply). Heavy outmigration of males has led to a high proportion of females in the productive age group (67%) and a large number of women-headed households (37%). Development efforts through project aid in the area have been minimal and have provided little support to the majority of poor households. Present crop yield levels are low and the use of improved inputs is minimal. As far as livestock is concerned the Bututsi region has a large herd, but production is poor due to animal health and nutrition factors. By comparing Bututsi's performance with that of similar areas, it is clear that there is considerable potential for improvement. This five-year *IFAD-initiated and cofinanced* project (c2) aims at raising the standard of living, income and nutrition of 10 000 smallholder families cultivating 0.7 ha or less and keeping three head of cattle or less. It will intensify production and animal husbandry and integrate the two. Benefits are in the form of increased incomes for small farmers, income-generating activities to improve women's status, greater environmental protection and attenuation of the Bututsi region's present isolation. The main components are: (i) animal production, with herd upgrading; (ii) food crop production, with reduced fallowing in rotation, together with the use of manure and the introduction of composting and of improved crop varieties, supported by extension and erosion control; (iii) agroforestry, as a help to pasture improvement, for alley planting and as a source of fodder and other useful products; (iv) women's activities, such as poultry raising, mill operation and cereal bank management - to increase incomes; (v) credit, for the purchase of inputs for livestock fattening and for milk production; (vi) infrastructure, including storage facilities, cattle dips, veterinary pharmacies, etc., as well as road and track rehabilitation; and (vii) training, mainly for extension agents. *Total cost:* estimated at US$ 19.77 million. AfDF is cofinancing US$ 8.96 million, the Banque Nationale pour le Développement Economique (BNDE) will contribute US$ 0.1 million and the Borrower will contribute US$ 1.75 million. *Cooperating Institution:* AfDF.

Cameroon

Project:
Livestock Sector Development
Loan Amount:
SDR 8.4 million
(equivalent to approximately
US$ 10.8 million)
from regular resources
on intermediate terms.

The main objectives of this five-year project *cofinanced from the pipeline of the World Bank* (c1) are to increase meat and milk production and to raise producers' incomes, in particular those of poor livestock holders, on a sustainable basis. These will be achieved by: (i) increasing the efficiency of traditional producers; (ii) promoting and strengthening producers' associations; (iii) enhancing the participation of the private sector in the provision of services; (iv) adapting and strengthening land regulations in order to improve the use of rangeland and resource management and to ensure access to pasture land also for small pastoralists; (v) promoting economic activities by women in the livestock sector; and (vi) rationalising the parastatal sector and strengthening the planning and extension services of the Ministry of Livestock, Fisheries and Animal Industries. IFAD financing is concentrated on project activities in the Extreme North Province, which has the highest incidence of poverty, as well as on those national measures which would enhance the project's positive impact on small livestock holders and women. While the project is expected to benefit all of Cameroon's one million cattle holders, as well as the owners of small ruminants and other small stock spread throughout the country, it has been designed with a specific poverty orientation in order to ensure that the resulting benefits reach the majority of small livestock holders. The project is being implemented by the Ministry of Livestock, Fisheries and Animal Industries and its provincial delegations, assisted in the Extreme North Province by an NGO. *Total cost:* estimated at US$ 55.2 million. The International Bank for Reconstruction and Development (IBRD) will cofinance US$ 34.6 million, the European Development Fund (EDF) US$ 1.9 million, and the Fonds d'Aide et de Coopération (FAC) of France US$ 1.6 million. The Borrower will contribute US$ 6.3 million. *Cooperating Institution:* IBRD.

China

Project:
Sichuan Livestock Development
Loan Amount:
SDR 13.4 million
(equivalent to approximately US$ 17.3 million)
from regular resources
on highly concessional terms.

To assist farm families who have been unable to participate in the rapid progress of China in recent years and who have not benefited from the growth in food production or income generation, this five-year *IFAD-initiated and exclusively financed* project (e) will finance livestock development in eight of the poorest and most remote counties of Sichuan Province, where farmers' incomes are 20% below the national average and crops are grown on steep hillsides with low yields and unproductive natural forage. The project aims to raise the incomes of some 50 000 poor farm families who produce cow or goat milk, goat or rabbit meat and Angora wool by implementing a variety of activities, endorsed by the Government, which will: (i) diversify individual household production to include livestock capable of utilising forage; (ii) increase the productivity of underutilised natural grassland on non-arable or marginal crop lands; (iii) supplement and reinforce financial assistance programmes; (iv) strengthen input supply, extension and research programmes; (v) expand marketing and processing facilities for livestock products; (vi) provide an improved training programme in livestock production for farmers and extension staff; and (vii) develop a management capability with built-in facilities for evaluation. Specifically, the project will: (i) increase the productivity of underused, marginal agricultural land by introducing improved forage and developing livestock enterprises which would use the new fodder as the main ingredient of the livestock diet; (ii) halt environmental degradation caused by indiscriminate cropping of land unsuitable for farming by providing a permanent vegetation cover of grassy legume mixtures for forage production and encouraging the use of farmyard manure to bolster soil fertility, increase yields and reduce the need for purchased fertilisers; and (iii) diversify and intensify household production through profitable livestock enterprises requiring only a limited reduction in food grain and cash crop production. Project components fall into three main categories: (i) development of small farm livestock production enterprises, entailing assistance to dairy cow and goat farmers, goat meat farmers, rabbit wool and meat producers and rabbit multipliers; (ii) development of small-scale processing facilities, including milk powder plants, collection/cooling centres, feed mills, a rabbit meat processing plant and the upgrading of an existing tannery; and (iii) the strengthening of the institutional capacity of animal husbandry service centres, development of livestock breeding services, training facilities, support of research in pasture and livestock development, and the establishment of a project management network within the Bureau of Animal Husbandry. The project is based on a "bottom up" approach to project management which will ensure the maximum participation of the farmers' associations to strengthen their role in the processing and marketing of their products. The project actions will increase the production and use of forage on about 37 000 ha of currently underused non-arable grassland, raise the incomes of the target group, introduce a more appropriate and balanced farming system and increase the output of milk and other animal products. It will also strengthen institutional capabilities for credit, research, advisory services, administration and monitoring. *Total cost:* estimated at US$ 34.6 million. The Borrower will contribute US$ 17.3 million. *Cooperating Institution:* UNDP/OPS.

Costa Rica

Project:
Northern Zone Agricultural Credit Development
Loan Amount:
SDR 3.5 million
(equivalent to approximately US$ 4.5 million)
from regular resources
on ordinary terms.

This four-year *IFAD-initiated and cofinanced* project (c2), originally approved by the Executive Board in April 1986, was cancelled in August 1987 because of the need for an updated appraisal. At the request of the Government, the project was reappraised in early 1988. This project covers the Cantons of Upala and Guatuso in the Province of Alajuela, in northern Costa Rica, where the smallholder farmers are among the poorest in the country and where production resources and technology are scarce, yields low and the use of land and family labour inadequate. Its objectives are to: (i) improve the nutrition and incomes of small farmers by increasing their agricultural production and productivity; (ii) create income opportunities and improve the condition of women as farm owners, in groups or in their work on family plots; (iii) reduce agricultural underemployment by encouraging a rational use of the family work force and creating new employment opportunities; and (iv) contribute to the improvement of the country's balance of payments by substituting grain imports and exporting other commodities. To attain these goals, the project will: (i) provide supervised agricultural credit; (ii) strengthen agricultural extension services to disseminate appropriate technological messages; (iii) develop the marketing system for basic grains and non-traditional products; (iv) train project staff and beneficiaries; (v) support women's participation in development; and (vi) staff and equip a project execution unit and a monitoring and evaluation unit. At least 1 760 farm families, 200 of which are headed by women, will benefit directly from financial and technical assistance. Credit will be provided only to farmers with less than 10 ha under cultivation and operating farm units of less than 15 ha; where the work force consists essentially of family members, priority will be given to farmers with three to seven ha and to Agrarian Reform settlers. At full project development, net family incomes are expected to rise from a present level of US$ 700 to US$ 3 900 for 4 ha farms, and from US$ 800 to US$ 4 900 for farms of 10 ha. Family employment will rise from 245 000 man-days to 528 000 man-days per annum. The value of incremental crop production is estimated at US$ 7.8 million. *Total cost:* estimated at US$ 10.3 million, of which the equivalent of US$ 3.0 million will be cofinanced by BCIE. The Borrower will contribute US$ 1.8 million and US$ 1.0 million will be contributed by the Kingdom of The Netherlands. *Cooperating Institution:* BCIE.

Guinea

Project:
Fouta Djallon Agricultural Rehabilitation
Loan Amount:
SDR 11.4 million
(equivalent to approximately US$ 14.6 million)
from the SRS on highly concessional terms.

Building upon its previous operations in the country and in support of the Government's new policy orientation towards smallholder agriculture, this eight-year *IFAD-initiated and exclusively financed* project (e) is aimed at increasing food production and family food security by creating a permanent, sustainable production system for smallholders in a drought-prone, ecologically fragile area. The area is also the watershed of major Sahelian rivers and therefore of vital importance both to Guinea and the surrounding countries. The project is being implemented in Fouta Djallon, one of the poorest regions of Guinea, where farmland is subjected to accelerated erosion under pressure of short-cycle shifting cultivation linked to demographic explosion. The project is promoting soil and water conservation measures, to reverse the declining trend of production and revitalize smallholder agriculture. Project activities are being built upon the traditional self-managed village organiza-

tions and existing patterns of mutual aid and cooperation. The Village Association will represent the hub of activity with a development committee composed of a credit committee and a team of Village technicians. It is to be supported by an extension network based upon a modified training and visit system, complemented by Village Association advisers. In time, it is expected that the villages themselves will take over management and operation of the main project activities. Project components comprise: agricultural and livestock development, including soil conservation and environmental protection; animal health improvement; bee-keeping development; pilot actions such as bottom land development, credit and establishment of a village development fund; adaptive and applied research; and rural infrastructure and maintenance, including feeder roads and village water supply. The project is expected to strengthen the regional services of the Ministry of Agriculture and Animal Production, reorganize the extension services and, to ensure lasting impact, promote village associations and village technicians through a functional literacy programme, training and support. Approximately one-third of smallholdings in the project area are farmed by women who produce most of the food for household consumption. Overburdened by their traditional tasks, plus the additional workload imposed by the outmigration of men, the women of the area are a specific focus of the project, which will ensure their access to services and to credit for processing and marketing, and encourage their participation in village associations through the literacy programme. Besides the positive impact on the environment, approximately 17 250 households in about 470 villages will benefit directly from agricultural rehabilitation and over 200 000 from the rural infrastructure programme. *Total cost:* estimated at US$ 19.1 million. The Borrower will contribute US$ 3.9 million and the beneficiaries US$ 0.6 million. *Cooperating Institution:* UNDP/OPS.

Lesotho

Programme:
Soil and Water Conservation and Agroforestry
Loan Amount:
SDR 6.0 million
(equivalent to approximately US$ 7.73 million)
from the SRS on highly concessional terms.

Soil erosion is Lesotho's most serious environmental problem. By linking soil and water conservation with crop production, the programme opens a new perspective for the successful implementation of conservation practices in Lesotho. Based on the premise that conservation programmes will be effective only if they are based on what rural people can do for themselves, using simple methods and limited resources, this eight-year *IFAD-initiated and exclusively financed programme* (e) is assisting small farmers to undertake soil and water conservation measures as part of their usual farming practices. Implemented in the lowlands and foothills of Lesotho, this programme will provide the assistance needed by smallholders to manage, rehabilitate and conserve their resource base and to increase the production of staple food crops. Improved crop recommendations are being promoted by a reorganized extension service provided with the necessary managerial, technical and logistical support and which promotes a more target group-responsive approach. A programme of agroforestry research and demonstrations will be initiated as part of a strategy to combat the biomass deficit. The Ministry of Agriculture will receive assistance in policy monitoring and coordination to make the best use of Government and donor contributions. A provision has been made for an annual consultation of farmers, Government and donors on conservation and the environment. The principal direct benefit from the programme will be an increase in the production of maize and sorghum. By the seventh year of the programme, an estimated 17 300 households are expected to earn significantly higher incomes from crop production. Some of the landless will receive additional income from their work in construction and from the allocation of land in stabilized gullies. Women, who constitute two-thirds of farm labourers, are the major target group for the programme. Four sub-groups - households with land but lacking labour cultivation, households in smaller than average holdings, female-headed households and landless households - account for about 110 000 of the 130 000 rural households in the programme and will be the direct beneficiaries of programme activities. However, all 278 000 households of the country's rural population will benefit from a properly trained and functioning extension service, agroforestry development and better conservation strategy and policy coordination. *Total cost:* estimated at US$ 8.52 million. The Borrower will contribute US$ 0.79 million. *Cooperating Institution:* UNDP/OPS.

Madagascar

Programme:
Agricultural Development in the Highlands
Loan Amount:
SDR 9.9 million
(equivalent to approximately US$ 13.29 million)
from regular resources on highly concessional terms.

This five-year *IFAD-initiated and exclusively financed* programme (e) will assist the Government in its drive for food self-sufficiency by the year 2000 and the improvement of the income and living conditions of its growing population. It will be implemented in one of the country's most densely populated areas where the farmers are extremely poor: 70% have incomes below the poverty line and are not self-sufficient in rice and many children are malnourished. The main objectives of the programme are to improve the conditions of small farmers through: (i) the development of research and extension more closely linked to their needs; (ii) the promotion of farmers' groups to facilitate collective action in credit, input supply, marketing and community development; (iii) strengthening the necessary public and private support services devoted to farmers' needs; and (iv) increasing food production and income-generating activities. To ensure long-term sustainability, existing institutions will be supported (extension services, rural works department), grass roots activities promoted (farmers' organisations, village development fund), and indigenous resources used. Special focus will be given to youths and women, as the former generally have smaller farms and the latter participate actively in farming, some tasks being exclusively theirs, such as off-season vegetable cultivation and small stock husbandry. Production increases are expected through agricultural intensification and the development of innovative technical messages arising from a programme of research and development, supported by a rural credit line. The identification of research themes will be carried out in close collaboration with the farmers. Necessary rural infrastructure, such as tracks and micro-irrigation, will be rehabilitated in areas where it is considered a priority need. The programme will reach 120 000 poor farm families in the Highlands, who will benefit from an increase in the production of rice and other food crops, a consequent improvement in their nutrition, a rise in farm incomes and the creation of non-agricultural revenue sources. *Total cost:* estimated at US$ 19.96 million, of which the Borrower will contribute US$ 0.8 million and the beneficiaries US$ 5.72 million. *Cooperating Institution:* UNDP/OPS.

Mali

Programme:
Kidal Food and Income Security
Loan Amount:
SDR 7.55 million (equivalent to approximately US$ 10.15 million) from the SRS on highly concessional terms.
Grant Amount:
SDR 0.63 million (equivalent to approximately US$ 0.85 million) from the SRS.

The Kidal circle is one of the poorest in Mali and its population suffered disproportionately in the droughts of 1973 and 1984. Many people fled to neighbouring regions and some are still there, destitute; those who returned are very poor. Over 80% of the households have a number of animals below what is considered as the minimum size for decent subsistence in a pastoral setting. Yet there is potential in Kidal for balanced pasture use and a better standard of living for the pastoralists, through a careful rehabilitation of the Kel Adrar pastoral economy. The opportunity cost of not doing so is high, in terms of lost economic advantages, the continuing economic and social costs of the destitution of Kidal herders, and the risk of ecological degradation if Kidal continues as an unmanaged open range. This five-year *IFAD-initiated and cofinanced* programme (c2) aims to: (i) help rehabilitate and develop the economy of the Kidal area and reduce the risk of economic collapse in future droughts; (ii) assist the voluntary return of destitute pastoralists presently living under precarious conditions in neighbouring areas, in particular in southern Algeria; (iii) promote sustainable herders' associations for self support and as a basis for resisting future droughts; and (iv) improve agriculture and livestock production, as well as the family incomes of the poorest, including women. To achieve these objectives, the programme components include: (i) strengthening the institutional framework for local development; (ii) providing credit, infrastructure and inputs to improve production, marketing and food security; (iii) introducing new techniques to conserve soil and water, and to regenerate and manage pasture; (iv) improving infrastructure and introducing programmes in health, training and functional literacy; and (v) carrying out necessary studies and monitoring to define future long-term development strategies. Beneficiaries would be encouraged to participate in the provision of inputs, the management of water control facilities, pasture management, and evaluating programme activities and drought contingency planning. *Total cost:* estimated at US$ 14.80 million, of which UNICEF will cofinance US$ 0.40 million, WFP US$ 0.34 million, ACORD of the United Kingdom US$ 0.25 million and IsDB US$ 2.50 million. The Borrower will contribute US$ 0.16 million and the beneficiaries US$ 0.15 million. *Cooperating Institution:* BOAD.

Nigeria

Project:
Artisanal Fisheries Development
Loan Amount:
SDR 11.15 million (equivalent to approximately US$ 15.0 million) from regular resources on intermediate terms.

The fourfold objective of this *IFAD-initiated and cofinanced* project (c2) is to improve the economic performance of remote fishing communites; improve their living standards and quality of life; arrest the decline in fish catches that will occur without intervention; and increase the supply of domestically produced fish in the country by reducing post-harvest processing and distribution losses. Project components include the strengthening of support services to fishing communities through village-based Fisheries Development Units; the provision of group credit; management support and training; support for fishing-related operations, such as boat engine maintenance and fish processing; and the improvement of living conditions through village self-help schemes for, among others, improved water supply and sanitary facilities. The beneficiaries are 240 000 persons living below the poverty level in twelve selected clusters of villages, scattered among the mud flats of the Delta and accessible only by boat. Some 48 000 of this population are women, active in traditional fishing processing and marketing on their own account. *Total cost:* estimated at US$ 19.7 million, of which US$ 15.0 million are financed by IFAD. UNDP is contributing a grant of US$ 0.5 million; the Borrower US$ 4.2 million. *Cooperating Institution:* UNDP/OPS.

Pakistan

Project:
Punjab Smallholder Dairy Development
Loan Amount:
SDR 12.05 million (equivalent to approximately US$ 16.2 million) from regular resources on intermediate terms.

The overall goal of this seven-year *IFAD-initiated and cofinanced* project (c2) is an increase in milk production by the small farmers and the landless in three districts of Gujranwala Division of the Punjab. This should result in improved nutrition for the target group, in higher incomes from increased sales of milk and concomittant improvements in crop production. Land, the primary productive resource, is not readily available to the landless, and small farm owners have too little to earn adequate incomes. Livestock, however, is not linked to land ownership and improvement in livestock production, and milk marketing, therefore, offers the best possibility for a direct improvement in the livelihood and food supply of the poor farming families of the area. The immediate objectives of the project are to: (i) implement a milk marketing system based on village structures with improved road access and chiller collection centres linked to existing milk processing plants; (ii) introduce to both the farmers and the landless of the target group a tried and tested technology package for improved smallholder fodder crop production and animal husbandry systems; (iii) establish livestock support services that include satellite farming and a supply system to deliver production inputs to target farmers; (iv) support an adaptive research programme to generate effective recommendation packages for fodder crops and animal husbandry systems; and (v) establish farmers organizations through the activities of NGOs to increase the participation of the target group and to identify their constraints and opportunities. Project components comprise: milk marketing development; animal and crop productivity improvement; credit; satellite farming services and input supply; NGO collaboration; and a development fund. The credit component will be effected by the Agricultural Development Bank of Pakistan based on guidelines established by an ongoing IFAD project. Specific attention will be paid to women through the provision of female veterinary officers, who will fulfil an extension role in the villages. The poor rural households of the target group are identified as the landless, tenant farmers and small farm-owners with an upper limit of 2 ha of irrigated land and two dairy animals. The project is expected to reach a total of 27 000 of the households by full development. Home milk consumption is expected to increase by 60 litres per year and the average cost of producing family milk will decrease by between 45% and 55%, depending on the type of farming system. *Total cost:* estimated at US$ 22.6 million. UNDP will provide a technical assistance grant of US$ 1.6 million, the Borrower US$ 3.8 million and the beneficiaries US$ 1.0 million. *Cooperating Institution:* ADB.

Rwanda

Project:
Gikongoro Agricultural Development
Loan Amount:
SDR 8.35 million
(equivalent to approximately US$ 11.2 million)
from regular resources
on highly concessional terms.

This seven-year *IFAD-initiated and cofinanced* project (c2) is designed to further the broad aims of national policy, namely the promotion of food self-sufficiency, the generation of higher cash incomes and the fostering of balanced development of the country's various prefectures. Its main objectives are: (i) to improve the nutritional situation in the Gikongoro area, one of the poorest in the country in this respect, by integrating the target population (farmers with holdings of between 0.5 and 1.5 ha, and women, living on the fringe of absolute poverty) into the development process; (ii) to increase incomes through off-farm enterprises and by promoting commercial crops for which the area offers comparative advantages; and (iii) to arrest the soil degradation process through intensive erosion-control measures. The actions proposed relate directly to the intensification of agriculture and stockraising, land conservation and environmental protection (erosion control and agroforestry, extension services, supply of inputs, adaptive research and the limited reclamation of bottom land and abandoned poor upland). They also seek to improve the economic environment both upstream and downstream of the production phase (provision of credit facilities, support for small farmers' associations, land reclamation, improved access to the outside world, storage, reshaping the socio-economic environment through group action, and assistance with marketing). The main benefit of the project will be to step up food crop production, both for on-farm consumption and for the market, thus increasing the average daily food intake and cash incomes through crop sales. The changeover to more intensive farming will increase the degree of monetisation through purchases of farm inputs and the use of credit, in turn stimulating other sectors (crafts, commerce, etc.). *Total cost:* estimated at US$ 31.21 million, of which UNDP will cofinance US$ 3.2 million and UNCDF US$ 3.7 million. The Borrower will contribute US$ 5.4 million and the beneficiaries US$ 7.7 million. *Cooperating Institution:* IDA.

Sao Tome and Principe

Project:
Pilot Food Crop Development
Loan Amount:
SDR 1.35 million
(equivalent to approximately US$ 1.76 million)
from regular resources
on highly concessional terms.

The economy of the Democratic Republic of Sao Tome and Principe has been dominated for the past century by the production of cocoa for export. The fall in the world market price for cocoa has caused a general economic crisis, severely reducing resources for commercial imports of basic necessities, including vital inputs for productive sectors and food to sustain a population which has historically been dependent upon imports. In order to overcome the present crisis, the Government is implementing, with the support of the IMF and the World Bank, a Structural Adjustment Programme (1987-89) designed to restore the profitability of the agriculture sector. An important role in the economic recovery under the Programme has been assigned to the emerging sector of small-scale food production. In this context, IFAD's project will provide resources and assistance to enable the sector to develop its productivity and play its intended role of supporting economic recovery under the Structural Adjustment Programme. The *IFAD-initiated and exclusively financed* project (e) seeks to increase the income and nutritional status of small-scale farmers by improving access to agricultural services and inputs. It involves two basic dimensions: (i) supply of inputs required in small-scale food crop production to an identifiable group of farmers; and (ii) institutional development affecting present and future supply of services to the smallholder food crop sector as a whole. Project components include: (i) a pre-commencement baseline study to provide a clearer picture of small-scale food crop production potential and requirements in the national context; (ii) input supply and distribution; (iii) field extension support to improve the quality and number of extension workers; (iv) field varietal trials and seed selection to improve the quality and range of existing and new crops; (v) local seed multiplication to reduce dependence on imports; (vi) training of extension workers; (vii) group formation for input/credit supply purposes; and (viii) technical assistance. In support of the Government's increasing recognition of the need for a parallel development of export crops and national food production, the pilot project complements international assistance to the cocoa sector, the viability of which will be partly dependent upon greater food production. The total number of beneficiaries reached by the end of the three-year project is expected to be approximately 3 100, or 35-50% of the small-scale food producers. *Total cost:* estimated at US$ 2.09 million. The recipient country will contribute US$ 0.33 million. The project is financed in the context of a structural adjustment lending programme amounting to approximately US$ 18.0 million. *Cooperating Institution:* IDA.

Senegal

Project:
Agroforestry Development
Loan Amount:
SDR 8.3 million
(equivalent to approximately US$ 11.13 million)
from the SRS
on highly concessional terms.

Drawing on experience gained and lessons learnt through the implementation of the Integrated Rural Development Project of M'Bour-Louga and several other agroforestry projects in Senegal, this six-year *IFAD-initiated and exclusively financed* project (e) has two broad objectives. First, it seeks to arrest the environmental degradation caused by the disappearance of fallows, overcropping and excessive forest clearances, in part encouraged by the earlier groundnut export boom and by the mounting population pressure on land. Second, it aims to raise agricultural output and thus farmers' incomes and standards of living. The project has six main components: (i) agroforestry, calling for agricultural intensification over 12 000 ha and for reconstituting tree stands in association with cropping, in view of their beneficial agronomic effects and their supplying a range of useful products for the population, as well as contributing to erosion control; (ii) small-scale irrigation schemes, receiving water from new or rehabilitated wells and boreholes, with the associated development of fruit growing and market gardening; (iii) inputs and credit; (iv) income-generating activities organized mainly through economic interest groups and women's development groups, the latter to be helped to operate mills and cereal banks and to engage in livestock fattening; (v) institutional support, in particular for the extension services promoting these components, together with appropriate technical packages; and (vi) development of research and monitoring and evaluation. The project area, of 2 520km^2, covers the departments of Diourbel and Bambey in the heart of the Groundnut Basin. The target group comprises some 5 500 families, representing 70 000 prospective beneficiaries. *Total cost:* estimated at US$ 17.13 million. The Borrower will contribute US$ 0.96 million and, in the form of labour, the beneficiaries will contribute US$ 5.04 million. *Cooperating Institution:* BOAD.

Projects approved in 1978-88

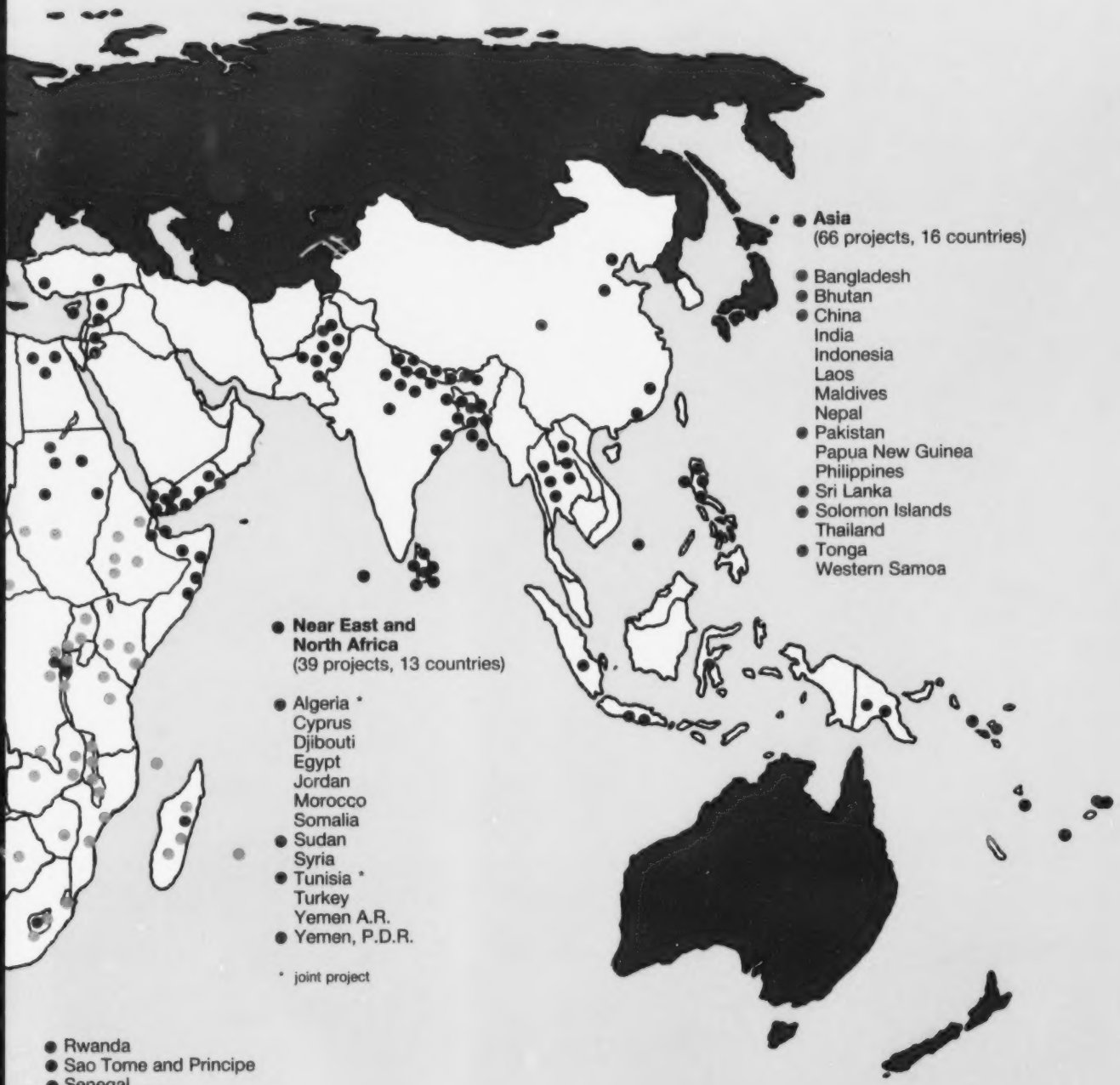
● Projects approved during 1988

● **Latin America and the Caribbean**
(44 projects, 24 countries)

● Argentina
Belize
Bolivia
Brazil
Colombia
● Costa Rica
Cuba
Dominica
Dominican Republic
Ecuador
El Salvador
Grenada
Guatemala
Guyana
Haiti
Honduras
Jamaica
Mexico
Nicaragua
Panama
Paraguay
Peru
Saint Lucia
● Venezuela

● **Africa**
(94 projects, 38 countries)

Benin
Botswana
Burkina Faso
● Burundi
● Cameroon
Cape Verde
Central African Republic
Comoros
Congo
Côte d'Ivoire
Equatorial Guinea
Ethiopia
Gambia, The
Ghana
● Guinea
Guinea-Bissau
Kenya
● Lesotho
Liberia
● Madagascar
Malawi
● Mali
Mauritania
Mauritius
Mozambique
Niger
● Nigeria


● Asia
(66 projects, 16 countries)
● Bangladesh
● Bhutan
● China
India
Indonesia
Laos
Maldives
Nepal
● Pakistan
Papua New Guinea
Philippines
● Sri Lanka
● Solomon Islands
Thailand
● Tonga
Western Samoa
● Near East and
North Africa
(39 projects, 13 countries)
● Algeria *
Cyprus
Djibouti
Egypt
Jordan
Morocco
Somalia
● Sudan
Syria
● Tunisia *
Turkey
Yemen A.R.
● Yemen, P.D.R.
* joint project
● Rwanda
● Sao Tome and Principe
● Senegal
Sierra Leone
Swaziland
Tanzania
Togo
Uganda
Zaire
Zambia
Zimbabwe

Solomon Islands

Project:
Rural Financial Services
Loan Amount:
SDR 1.15 million
(equivalent to approximately
US$ 1.55 million)
from regular resources
on highly concessional terms.

The seven-year *IFAD-initiated and cofinanced* project (c2) is designed to facilitate the smooth transition of the target group from the traditional economy into the cash economy. This will be achieved through the establishment and promotion of the use of rural financial services. The project's immediate objective is to develop a fully operational and financially viable credit union league, comprising 300 regional credit unions providing rural financial services to approximately 44 000 members, 40% of whom are women. The project has three main components: (i) support for building the physical, financial and human resources of the Solomon Islands Credit Union League (SICUL); (ii) support for training credit union members, government field staff and NGO personnel by the National Agricultural Training Institute to assist smallholders in the use of credit from credit unions for productive investments; and (iii) support for the Rural Financial Services Unit within the Central Bank of the Solomon Islands to link SICUL to the Central Bank, coordinate and promote rural financial services and liaise with NGOs working in the project area. Collaboration with NGOs with respect to credit union activities and assistance for the use of credit is built into project design. In all project activities, especially training and services, particular attention will be given to regions characterized by the most acute poverty and the most limited access to the existing banking system. By strengthening the locally developing credit union movement, the project seeks to provide rural inhabitants with access to financial services organized and controlled by local communities. *Total cost:* estimated at US$ 2.58 million. It is expected that the Governments of Australia and New Zealand will provide grants of US$ 0.503 million and US$ 0.015 million respectively. The Borrower will contribute US$ 0.485 million, and, in the form of voluntary labour, the credit unions will contribute the equivalent of US$ 0.029 million. *Cooperating Institution:* UNDP/OPS.

Sri Lanka

Project:
Small Farmers
and Landless Credit
Loan Amount:
SDR 4.85 million
(equivalent to approximately
US$ 6.7 million)
from regular resources
on highly concessional terms.

This seven-year *IFAD-initiated and cofinanced* pilot phase operation (c2) supports the Government's strategy of bringing institutional credit to the landless and those otherwise ineligible for commercial loans - households whose members' annual incomes are below Rupees 3 000 per capita (absolute poverty level: Rupees 3 230 = US$ 111). Project components include: (i) group formation and development; (ii) extension and training for beneficiaries; (iii) credit for crop and non-crop income-generating activities; (iv) technical assistance; and (v) supporting institutional arrangements - project management and training for project staff and staff of regional rural development banks. IFAD is financing a first project which includes institution building for the central project organization, technical assistance and credit operations in the districts of Kandy and Puttalam, to be followed after two to three years by a second project in two eastern districts. A parallel project in the districts of Galle and Matara is being implemented simultaneously with parallel financing by the Canadian International Development Agency (CIDA), which is financing the technical assistance component of the core project. In the four districts comprising the two projects, some 243 000 households will benefit, about 33 000 (13.5%) of which are expected to receive credit during the six-year project period. Three important beneficiary sub-groups have been identified: those engaged in non-crop production; subsistence-oriented farmers; and market-oriented farmers. Livestock loans will be available for all sub-groups, while crop loans will be available to market farmers and subsistence farmers able to generate a marketable surplus. Group credit should circumvent the inability of the landless to provide the collateral normally required under formal lending; it will be channelled to village level through the Thrift and Credit Cooperative Societies and through participating agencies, both national and international, with two of the latter ensuring that some 40% of beneficiaries are women. *Total cost:* estimated at US$ 11.9 million. CIDA will provide a grant of US$ 2.52 million (provisional), and the Government will contribute US$ 2.70 million, including US$ 0.3 million from the beneficiaries. A parallel project in Galle and Matara is expected to be financed by CIDA for an estimated amount of US$ 6.5 million, from a total project cost of US$ 7.89 million. *Cooperating Institution:* UNDP/OPS.

The Sudan

Project:
En Nahud Cooperative Credit
Loan Amount:
SDR 6.55 million
(equivalent to approximately
US$ 8.8 million)
from the SRS
on highly concessional terms.
Grant Amount:
SDR 0.52 million
(equivalent to approximately
US$ 0.7 million) from the SRS.

This seven-year *IFAD-initiated and cofinanced* project (c2) aims at increasing the agricultural production, incomes and food self-sufficiency of some 16 400 poor, drought-affected, rainfed households, by improving the credit delivery efficiency of the Agricultural Bank of Sudan (ABS); strengthening agricultural extension services and promoting cooperative activities and group initiatives. The population increase in the project area and the consequent reduction of fallow periods in the shifting cultivation system threaten to cause significant damage to the soil, one of the few natural resources on which to build economic recovery. The project will concentrate on agricultural research and extension to boost food production, emphasizing an increase in yield rather than area cultivated, so as to avoid further erosion. The provision of credit will support the development effort through: (i) short-term loans for both food and cash crops, and for household vegetable gardens, cultivated mainly by women; and (ii) medium-term loans for water supply development, equipment purchases and off-farm rural enterprises. In addition, ABS' capacity will be strengthened through the provision of physical infrastructure, personnel, staff training and operating funds and the Office of the Registrar of Cooperatives will be supported through the training of key personnel to promote sound cooperatives, as well as through the provision of necessary infrastructure and operating funds. The following essential agricultural development services will be strengthened: (i) extension services for the diffusion of simple and more effective technology; (ii) seed multiplication and distribution of improved seeds; and (iii) forestry development to establish community nurseries for the propagation and distribution of "hashab" tree seedlings for both the production of gum arabic and to arrest soil degradation. The total annual incremental production is expected to amount to 15 500 tons, mainly millet and groundnuts, with a further increase to 19 100 tons by full development - 20% and 25% respectively. Net cash incomes of cooperative members in the northern and southern parts of the project area are expected to increase by 37% and 44% respectively. *Total cost:* estimated at US$ 16.7 million. The Government of Finland will cofinance US$ 2.5 million. The Borrower will contribute US$ 1.0 million and the ABS US$ 3.7 million. *Cooperating Institution:* UNDP/OPS.

Tonga

Project:
Rural Credit
Loan Amount:
SDR 1.7 million
(equivalent to approximately
US$ 2.3 million)
from regular resources
on highly concessional terms.

This five-year *IFAD-initiated and exclusively financed* project (e) - the second financed by the Fund in the Kingdom of Tonga - is being implemented country-wide with emphasis on the outer islands. Its principal objective is to broaden the range of lending of the Tonga Development Bank (TDB), since a number of beneficiaries have not been previously provided with full access to credit. Four such groups of beneficiaries have been identified: small farmers with no formal land tenure; young farmers with limited assets; small-scale fishermen; and women (who have generally been left out of TDB's lending operations). TDB is being encouraged to increase the potential number of rural families eligible for credit by focusing more on the financial viability of their enterprises rather than on the collateral offered. While the project's main activity is the provision of credit through TDB, it will also provide training to bank officers, women development workers and others who could be mobilized to assist in realizing its aims. In addition, the project provides for the setting up of a simple monitoring and evaluation scheme and for an in-country credit study on group lending and savings mobilization. Some 10 500 sub-loans are expected to be made for rootcrop production; and an estimated 142 small- and medium-scale fishermen will also benefit together with 1 600 individual members of women's groups. *Total cost:* estimated at US$ 3.39 million. The recipient Government will contribute US$ 1.09 million. *Cooperating Institution:* UNDP/OPS.

Venezuela

Project:
Sucre Support for
Small Producers
Loan Amount:
SDR 7.8 million
(equivalent to approximately
US$ 10.8 million)
from regular resources
on ordinary terms.

As IFAD's first lending and investment operation in Venezuela, this *IFAD-initiated and cofinanced* seven-year project (c2) will have a major impact on the peasant farmers of the poorest states of Venezuela who have thus far received little or no technical support nor adequate credit services. Recent agricultural policy in Venezuela, aiming at substitution of food imports and an increase in export crops, has stimulated production among large- and medium-scale farmers. On the other hand, the development of small producers has been constrained by the limited availability of land and insufficient support services for production, especially credit and transfer of technology. The project will directly benefit about 3 600 smallholder families and 240 artisanal fishermen. Its main objectives are to increase productivity and production, provide more employment opportunities, and raise incomes through two major components: (i) the transfer at farm level of improved technology; and (ii) the provision to farmers and fishermen of guaranteed access to adequate credit. The capacities of the personnel involved in delivering the project services, as well as those of its beneficiaries, will be improved through a promotion and training component. Additional investments will be required in Paria in terms of roads, marketing and processing facilities. Land titling and the regularization of land tenure will be stressed. The integration of the peasant economy into the market will be facilitated and its share of the market on more favourable terms increased. The project will also include technical assistance and the necessary management, monitoring and evaluation activities. The total annual incremental production at full development is expected to be US$ 15.6 million, of which 93% would derive from crop production and 7% from fisheries. *Total cost:* estimated at US$ 20.0 million. The Government will contribute US$ 9.1 million and UNDP will provide a grant of US$ 120 000 for external technical assistance. *Cooperating Institution:* CAF.

Yemen, P.D.R.

Project:
Eastern Regional
Agricultural Development
Loan Amount:
SDR 8.1 million
(equivalent to approximately
US$ 10.5 million)
from regular resources
on highly concessional terms.

Modelled after the successful IFAD-financed Agricultural Support Services Project, this seven-year *IFAD-initiated and cofinanced* project (c2) aims at alleviating the factors that tend to perpetuate poverty and hinder the development of agriculture in the Eastern Region of Yemen, PDR. About 9 100 farm families who cultivate less than 1 ha per family and are among the poorest in the country, as well as rural women and the nomads, whose livelihood depends upon livestock, will benefit directly from the project components. The project's objectives are: (i) to strengthen the cooperatives, the main agents for development in rural areas, by overcoming managerial and other constraints which diminish their effectiveness; (ii) to make maximum use of resources to help small farmers improve land and livestock productivity; (iii) to increase the supply of groundwater and improve the use of spate flows and irrigation to bring additional fallow land into production and meet the water requirements of food crops; (iv) to strengthen the National Bank of Yemen to provide credit for the timely purchase of adequate farm inputs to the largest number of farmers; and (v) to build up extension and animal health services to support better agricultural and livestock practices. The project's development programme for women is the first concentrated effort to introduce farming methods which will enhance women's agricultural productivity and incomes, reduce their workload, improve family health and nutrition and reduce infant and child mortality. The programme is designed to overcome the cultural constraints that limit women's access to the skills and technologies needed to improve their productivity in agriculture and livestock raising. The number of qualified staff of Yemen, PDR, will be increased, through training, to strengthen the Ministry of Agriculture and Agrarian Reform at the central and governorate levels to ensure that the project activities will be sustained beyond its life. The incremental increase in the production of vegetables, fruit and meat will improve local diets, substitute for imports, and represent a net saving in foreign exchange of about US$ 4.39 million at full development. The net farm incomes of the direct beneficiaries are expected to increase by between 30% and 80%, depending on farm size, crops and type of irrigation. *Total cost:* estimated at US$ 24.5 million. IsDB will contribute US$ 6.0 million and the Borrower US$ 7.0 million. In addition, UNDP will provide US$ 0.5 million and WFP US$ 0.5 million, each in the form of a grant. *Cooperating Institution:* AFESD.

LIST OF PROJECTS APPROVED DURING 1978-1988

Loan No.	Country	Name of Project	Original Amount of [1]	Date of Approval
1978			**Loan (US$m)**	
1 SRI	Sri Lanka	Kirindi Oya Irrig. & Settlement[2]	12.0	12 April
2 TAN	Tanzania, United Republic of	Mwanza-Shinyanga Rural Development	12.0	13 April
3 GUY	Guyana	Black Bush Irrigation	10.0*	24 October
4 HAI	Haiti	Cul-de-Sac Irrigation & Agric. Dev	3.5	24 October
5 THA	Thailand	Second Northeast Thailand Irrigation	17.5*	24 October
6 ECU	Ecuador	Fishery Development	5.8*	24 October
7 CPV	Cape Verde	Assomada Integrated Agricultural Development	3.82	11 December
8 PHI	Philippines	Magat River Multipurpose, Stage II (Irrigation)	10.0*	12 December
9 BAN	Bangladesh	Pabna Irrigation and Rural Development	30.0	11 December
10NEP	Nepal	Integrated Rural Dev. (Sagarmatha Zone)	13.0	12 December
1979			**(SDR m)**	
11MG	Madagascar	Mangoky Agricultural Development	5.0	26 March
12SO	Somalia	Central Rangelands Development	7.0	26 March
13YA	Yemen A.R.	Tihama Development Project III (Wadi Mawr)	9.3	26 March
14CA	Central African Republic	Livestock Development	1.95	27 March
15AF	Afghanistan[3]	Agricultural and Rural Development	9.8	27 June
16BO	Bolivia	Omasuyos-Los Andes Rural Development	3.15*	27 June
17MO	Morocco	Agricultural Credit	19.6*	27 June
18PA	Pakistan	Small Farmers' Credit	23.75	27 June
19PG	Paraguay	Programme for Agricultural and Livestock Expansion	5.9*	27 June
20SU	Sudan	Southern Region Agriculture	11.7	27 June
21SL	Sierra Leone	Magbosi Integrated Agric. Dev.	9.6	18 September
22LA	Laos	Casier-Sud Pioneer Agricultural	4.7	18 September
23IN	India	Bhima Command Area Development	38.5	18 September
24BU	Burundi	East-Mpanda Rural Development	11.3	18 December
25KE	Kenya	Second Integrated Agric. Development	13.0	18 December
26SE	Senegal	Integr. Rural Dev. of M'Bour-Louga	10.4	18 December
27SO	Somalia	Bay Region Agricultural Development	6.25	18 December
28DO	Dominican Republic	Consolidation and Dev. of Rural Settlement	9.3*	19 December
29HO	Honduras	Rural Development Project for the Western Region	7.7	19 December
30NI	Nicaragua	Agric. and Indust. Rehabilitation Prog.	9.3	19 December
31BA	Bangladesh	Fertilizer Sector Programme	19.45	19 December
32IN	India	Rajasthan Command Area Dev. and Settlement	42.7	19 December
33PA	Pakistan	South Rohri Fresh Groundwater Irrig.	12.4	19 December
1980				
34GH	Ghana	Volta Region Agric. Development	9.55	6 May
35ID	Indonesia	Smallholder Cattle Development	20.8*	6 May
36ME	Mexico	Oaxaca Rural Development	17.45**	6 May
37NG	Niger	Second Maradi Rural Development	9.7	7 May
38PE	Peru	Credit for Small Farmers on the Highlands	9.5*	7 May
39SU	Sudan	New Halfa Irrigation Rehab.	11.95	7 May
40ET	Ethiopia	Second Agric. Minimum Package	13.9	7 May
41BA	Bangladesh	Small Farmer Agricultural Credit	17.2	16 September
42CM	Cameroon	North West Rural Development	9.1	16 September
43DA	Dominica	Agric. Credit for Food Production and Related Services	1.15	16 September
44MR	Mauritania	Gorgol Irrigation	7.6	16 September
45TH	Thailand	National Agric. Research (Adaptive Research for Rainfed Agriculture)	11.4*	16 September
46YA	Yemen A.R.	Southern Uplands Rural Dev. Phase II	10.6	17 September
47ZR	Zaire	Smallholder Maize	12.15	17 September
48PA	Pakistan	Barani Area Development	9.8	3 December
49IN	India	Sundarban Development	13.35	3 December
50BH	Bhutan	Small Farmer Dev. and Irr. Rehab.	5.45	4 December
51BR	Brazil	Ceara Second Rural Development	15.6**	4 December
52CU	Cuba	Camalote Rural Development	11.05*	4 December
53DJ	Djibouti	Artisanal Fisheries Pilot Development	0.978	4 December
54EG	Egypt	West Beheira Settlement	21.8	4 December
55LE	Lesotho	Agricultural Marketing and Credit	4.85	4 December
56GU	Guinea	Siguiri Rural Development	9.85	5 December
57NE	Nepal	Small Farmer Development	9.8	5 December
58SR	Sri Lanka	Anuradhapura Dry Zone Agriculture	11.35	5 December
59TN	Tunisia	Dev. Proj. of Small & Medium-Size Farms in Governorates of Kef and Siliana	14.7*	5 December
60YD	Yemen, P.D.R.	Agricultural Support Services	7.7	5 December

Technical Assistance Grants in 1988
Under the Regular Programme and Special Programme for Sub-Saharan Africa

Table 18

A. TECHNICAL ASSISTANCE GRANTS FOR PROJECT PREPARATION

Country	Name of Project	Amount of Grant (US$ 000)
Regular Programme		
India	Second Rajastan Command Area and Settlement	150
Bhutan	Punakha-Wangdi Phodrang Valley Development	250
Indonesia	East Java Upland Agricultural Development	300
Sao Tome and Principe	Pilot Food Crop Development	50
Haiti	Rehabilitation of Small and Medium Irrigation Schemes	126
Congo	Smallholder Marketing and Local Initiatives	250
Tanzania (Zanzibar)	Smallholder Agricultural Development	157
Central African Republic	Integration of Livestock and Crop Production in the Bouca Area	150
Sub-Total (8)		**1 433**
Special Programme		
Sudan	En Nahud Cooperative Credit	150
Mali	Kidal Food and Income Security	120
Zimbabwe	Midlands Province Agricultural Development	150
Sub-Total (3)		**420**
TOTAL (A) (11)		**1 853**

B. TECHNICAL ASSISTANCE GRANTS AS COMPONENTS OF IFAD-FINANCED PROJECTS

Special Programme		
Sudan	En Nahud Cooperative Credit	700
Mali	Kidal Food and Income Security Programme	850
TOTAL (B) (2)		**1 550**

C. TECHNICAL ASSISTANCE GRANTS UNDER THE SPECIAL PROGRAMME (SPECIAL OPERATION FACILITY)

Burkina Faso	Special Programme for Soil and Water Conservation and Agroforestry in the Central Plateau	200
Lesotho	Soil and Water Conservation and Agroforestry	260
Guinea	Fouta Djallon Agricultural Rehabilitation	200
Mali	Kidal Food and Income Security Programme	200
Senegal	Agroforestry Development	200
Sudan	En Nahud Cooperative Credit	150
TOTAL (C) (6)		**1 210**

Loan No.	Country	Name of Project	Original Amount of [1]	Date of Approval
1981			**Loan (SDR m)**	
61BE	Benin	Borgou Province Rural Development	11.0	22 April
62CH	China	Northern Pasture Livestock Development	28.7	22 April
63LI	Liberia	Smallholder Rice Seed	6.7*	22 April
64SL	Sierra Leone	Northern Integr. Agric. Dev. II (NIADP II)	4.9	22 April
65UV	Burkina Faso	Rural Development in the Eastern ORD	11.9	22 April
66ZA	Zambia	Eastern Province Agricultural Dev.	9.0*	22 April
67JO	Jordan	Cooperative Dev. of Rainfed Agric.	9.25*	8 September
68YD	Yemen, P.D.R.	Wadi Beihan Agricultural Development	4.9	8 September
69BU	Burundi	Integr. Rural Development/Ngozi III	6.25	8 September
70MW	Malawi	Dowa West Rural Development	9.6	8 September
71GR	Grenada	Artisanal Fisheries Development	1.4*	8 September
72PG	Paraguay	Integr. Rural Dev. in the Dept. of Paraguari	3.5*	8 September
73BA	Bangladesh	Southwest Rural Development	20.45	8 September
74ID	Indonesia	Sulawesi Paddy Land Development	30.05	8 September
75WS	Western Samoa	Livestock Development	1.4	9 September
76BT	Botswana	Arable Land Development Programme - Phase I (ALDEP I)	6.75*	17 December
77GA	Gambia, The	Jahaly and Pacharr Smallholder	4.05	17 December
78MT	Mauritius	Small-Scale Agricultural Development	5.25*	17 December
79RW	Rwanda	Byumba Rural Development	9.08	17 December
80UG	Uganda	Agricultural Reconstruction in Northern and Eastern Uganda	16.55	17 December
81IN	India	Madhya Pradesh Medium Irrigation	21.9	17 December
82NE	Nepal	Command Area Development	9.8	17 December
83PA	Pakistan	On-Farm Water Management	10.5	17 December
84PH	Philippines	Smallholder Livestock Development	7.1*	17 December
85SR	Sri Lanka	Coconut Development	7.1	17 December
86BO	Bolivia	Chuquisaca North Agricultural Dev.	11.7*	17 December
87CO	Colombia	Rural Development Arauca II	6.8*	17 December
88HA	Haiti	Food Crops Intensification	12.0	17 December
89NI	Nicaragua	Integr. Rural Dev. for the Pronorte Region	9.6*	17 December
90PM	Panama	Agricultural Credit	7.4**	17 December
1982				
91MG	Madagascar	Second Village Livestock and Rural Development	7.0	30 March
92MR	Mauritania	Gorgol Farmers' Training	1.2	31 March
93MZ	Mozambique	National Programme for Food Prod. in the Cooperative and Family Sector	17.7	31 March
94ID	Indonesia	Seventeenth Irr. (East Java Province)	21.8*	31 March
95SY	Syria	Southern Region Agricultural Dev.	15.7*	31 March
96TU	Turkey	Erzurum Rural Development	17.2**	31 March
97CR	Costa Rica	Agricultural Credit	4.4**	31 March
98DO	Dominican Republic	Small-Scale Food Producers' Dev.	9.0*	31 March
99HO	Honduras	Santa Barbara Rural Development	10.85*	14 September
100JA	Jamaica	Small Farmers' Credit	8.9*	14 September
101BE	Benin	Atacora Province Rural Dev.	8.25	14 September
102UV	Burkina Faso	Hauts Bassins/Volta Noire Agricultural Development	9.9	14 September
103ML	Mali	Village Development Fund	8.05	14 September
104ZA	Zambia	North Western Province Area Dev.	11.95	14 September
105YA	Yemen A.R.	Agricultural Research and Dev.	5.25	15 September
106YD	Yemen, P.D.R.	Third Fisheries Development	4.45	15 September
107CH	China	Hebei Agricultural Development	22.9*	15 September
108PH	Philippines	Communal Irrigation Development	10.8*	15 September
109SR	Sri Lanka	Kirindi Oya Irrigation and Settlement	5.5	16 September
110BA	Bangladesh	Northwest Rural Development	13.7	9 December
111SR	Sri Lanka	Badulla Rural Development	12.95	9 December
112MS	Maldives	Second Fisheries	1.9	9 December
113PN	Papua New Guinea	Artisanal Fisheries	9.05*	9 December
114EG	Egypt	Minya Agricultural Development	23.55	9 December
115JO	Jordan	Small Farmers' Credit	11.3*	10 December
116PE	Peru	Alto Mayo Rural Development	17.9*	10 December
1983				
117CG	Congo	La Cuvette Artisanal Fisheries	4.25*	20 April
118GB	Guinea-Bissau	Tombali Rice Development	6.45	21 April
119MG	Madagascar	Highlands Rice	12.85	21 April
120MW	Malawi	Smallholder Fertilizer	8.5	21 April
121SZ	Swaziland	Smallholder Credit and Marketing	5.7*	21 April
122TO	Togo	Notsé Rural Development	7.4	21 April
123ZI	Zimbabwe	National Agricultural Extension and Research	16.7*	21 April
124IN	India	Second Uttar Pradesh Public Tubewells	32.0	21 April
125TH	Thailand	Agricultural Credit	18.75*	21 April
126HA	Haiti	Northern Region Rural Development	4.65	21 April
127MO	Morocco	Central Haouz Irrigation	15.7*	21 April
128SA	St. Lucia	Small Farmers' Agricultural Dev.	2.0*	12 September
129TA	Tonga	Agricultural Credit	0.95	12 September
130LA	Laos	Agricultural Production	6.6	12 September
131ET	Ethiopia	Agricultural Credit	10.45	12 September
132KE	Kenya	National Extension	5.6	13 September
133ML	Mali	Mali Sud II Rural Development	12.1	13 September
134SU	Sudan	Northern Region Agric. Rehabil.	9.5	13 September
135EC	Ecuador	Sur de Loja Integr. Rural Dev.	5.15*	13 December
136PM	Panama	Rural Development for the Guaymi Communities	8.5**	13 December

Loan No.	Country	Name of Project	Original Amount of [1]	Date of Approval
1983 contd.			**Loan (SDR m)**	
137BA	Bangladesh	Small-Scale Flood Control, Drainage and Irrigation	10.4	13 December
138PA	Pakistan	Small Farmers' Credit II	23.2	13 December
139TN	Tunisia	Sidi Bouzid Irrigation	6.9**	13 December
140CM	Cameroon	Second Western Province Rural Dev.	13.7*	13 December
1984				
141CA	Central African Republic	Ombella Mpoko Rural Development	3.15	3 April
142CS	Comoros	Rural Services	3.15	3 April
143TU	Turkey	Agricultural Extension and Applied Research	9.7**	3 April
144GA	Gambia, The	Agricultural Development II	4.75	4 April
145IC	Côte d'Ivoire	Artisanal Fisheries Development in the Aby Lagoon	2.7*	4 April
146LI	Liberia	Bong County Agricultural Development II	5.5	4 April
147SM	Solomon Islands	Rural Services	1.45	4 April
148CY	Cyprus	Smallholder Sheep and Goat Production	4.65**	4 April
149BO	Bolivia	Cotagaita-San Juan del Oro Agric. Development	11.35	5 April
150RW	Rwanda	Birunga Maize	3.75	11 September
151ST	Sao Tome and Principe	Artisanal Fisheries	2.1	11 September
152SL	Sierra Leone	Agricultural Sector Support	5.1	11 September
153CH	China	Rural Credit	24.25	11 September
154GM	Guatemala	Generation and Transfer of Agricultural Technology and Seed Production	4.95*	11 September
155SU	Sudan	Stock Route	5.95	12 September
156YA	Yemen A.R.	Central Highlands Agricultural Development	3.9	12 September
157EG	Egypt	Fayoum Agricultural Development	10.1*	14 September
158MW	Malawi	Kasungu Agricultural Development	13.65	12 December
159UG	Uganda	Agricultural Development	14.6	12 December
160ZR	Zaire	Lulua Agricultural Development	6.55	12 December
161BA	Bangladesh	Grameen Bank	23.6	12 December
162PA	Pakistan	Gujranwala Agricultural Development	8.65	12 December
163ES	El Salvador	Agricultural Credit for Phase III of a Programme	5.05*	12 December
164PG	Paraguay	Agricultural Credit	7.1**	12 December
165SO	Somalia	North-West Region Agricultural Development - Phase II	7.05	12 December
1985				
166NE	Nepal	Second Small Farmer Development	15.15	2 April
167EQ	Equatorial Guinea	Agricultural Development on the Mainland	1.65	2 April
168ET	Ethiopia	Rehabilitation Programme for Drought-Affected Areas	13.05	2 April
169MR	Mauritania	Small-Scale Irrigation	3.5	3 April
170GU	Guinea	Gueckedou Agricultural Development	5.05	4 September
171ID	Indonesia	Second Smallholder Cattle Development	11.6*	5 September
172BL	Belize	Toledo Small Farmers' Development	2.1*	5 September
173DJ	Djibouti	Artisanal Fisheries Development - Phase II	1.15	5 September
174SY	Syria	National Agricultural Extension	7.55**	5 September
175TN	Tunisia	Sidi Bouzid Rainfed Agric. Development	6.05**	5 September
176TZ	Tanzania, United Republic of	Southern Highlands Smallholder Food Crop	14.5	5 September
177NR	Nigeria	Multi-State Agricultural Development	12.05*	5 December
178BH	Bhutan	Tashigang and Mongar Area Development	4.45	5 December
179SR	Sri Lanka	Kegalle Rural Development	7.5	5 December
180PM	Panama	Agricultural Credit II	5.6**	5 December
181SU	Sudan	Western Savannah - Phase II	9.45	6 December
182SO	Somalia	Livestock Health Services	5.9	6 December
1986				
183CR	Costa Rica[4]	Northern Zone Agricultural Credit Dev.	4.85**	29 April
184DA	Dominica	Integrated Rural Development	1.3*	29 April
185PE	Peru	Cuzco-Arequipa Highlands Rural Dev.	6.15*	29 April
186CA	Central African Republic	National Livestock	3.3	30 April
187CG	Congo	Kindamba Food Crops Development	3.6*	30 April
188KE	Kenya	Animal Health Services Rehabilitation	7.05	29 April
189IC	Côte d'Ivoire	Dabakala/Katiola Rural Development	5.65**	17 September
190GY	Guyana	East Bank Essequibo Development	5.0*	18 September
191NE	Nepal	Aquaculture Development	4.2	18 September
192PN	Papua New Guinea	South Simbu Rural Development	3.0*	18 September
193MO	Morocco	Abda Plain Rural Development	6.8*	18 September
194BA	Bangladesh	Marginal and Small Farm Systems Crop Intensification	8.95	2 December
195CH	China	Guangdong Integrated Freshwater Fish-Farming	10.15*	3 December
196PH	Philippines	Highland Agriculture Development	3.9*	3 December
197AL	Algeria	Cereal and Livestock Smallholder Dev. in the Wilaya of Tiaret	8.45**	3 December
198GH	Ghana	Smallholder Rehabilitation and Dev.	5.9[5]	3 December
199LE	Lesotho	Local Initiatives Support	4.05	3 December

Loan No.	Country	Name of Project	Original Amount of [1]	Date of Approval
1987			**Loan (SDR m)**	
200ZR	Zaire	South Shaba Agric. Development	6.05	28 April
201TH	Thailand	Agricultural Diversification and People's Irrig. in the North	7.80*	28 April
202YA	Yemen A.R.	Southern Regional Agricultural Dev.	2.00	29 April
203HO	Honduras	Intibucá-La Paz Rural Development	4.85*	29 April
204CO	Colombia	Boyacá-Santander Integrated Rural Dev.	7.15**	29 April
205ET	Ethiopia	Fourth Livestock Development	4.50	9 September
206ZA	Zambia	Smallholder Services Rehabilitation	9.10[6]	9 September
207LA	Laos	Rural Credit	3.50	10 September
208NE	Nepal	Production Credit for Rural Women	4.75	10 September
209PA	Pakistan	Chitral Area Development	8.70*	10 September
210BE	Benin	Second Borgou Rural Development	7.95	2 December
211CV	Cape Verde	Artisanal Fisheries Development	4.35	2 December
212MW	Malawi	Smallholder Agricultural Credit	4.95	2 December
213TO	Togo	Small Ruminants	4.90	2 December
214IN	India	Orissa Tribal Development	9.25	3 December
215ID	Indonesia	Income-Generating for Marginal Farmers and Landless	10.60*	3 December
216DO	Dominican Republic	South Western Region Small Farmers	6.10*	3 December
217JA	Jamaica	Hillside Farmers Support	5.10*	3 December
218BO	Bolivia	Chuquisaca South Rural Development	4.20	3 December
1988				
219-SR	Sri Lanka	Small Farmers and Landless Credit	4.85	26 April
220TA	Tonga	Rural Credit	1.70	26 April
221ST	Sao Tome and Principe	Pilot Food Crop Development	1.35	27 April
222VE	Venezuela	Sucre Support for Small Farmers	7.80	28 April
223BH	Bhutan	Punakha-Wangdi Phodrang Valley Dev.	2.00	15 September
224SM	Solomon Islands	Rural Financial Services	1.15	15 September
225AR	Argentina	Credit and Technical Support for Small Producers in Northeast Argentina	8.20	15 September
226AL	Algeria	Pilot Proj. in Algeria for Integrated Rural Development of Mellegue Watershed	10.90	15 September
227TN	Tunisia	Pilot Proj. in Tunisia for Integrated Rural Development of Mellegue Watershed	9.30	15 September
228YD	Yemen, P.D.R.	Eastern Regional Agricultural Dev.	8.10	15 September
229BU	Burundi	Bututsi Agro-Pastoral Development	6.70	29 November
230CA	Cameroon	Livestock Sector Development	8.40	29 November
231MG	Madagascar	Agricultural Development Programme in the Highlands	9.90	29 November
232RW	Rwanda	Gikongoro Agricultural Development	8.35	30 November
233CH	China	Sichuan Livestock Development	13.40	30 November
234PA	Pakistan	Punjab Smallholder Dairy Development	12.05	30 November
235CR	Costa Rica	Northern Zone Agricultural Credit Dev.	3.50**	30 November
236NR	Nigeria	Artisanal Fisheries Development	11.15	30 November
237BA	Bangladesh	Oxbow Lakes Small-Scale Fishermen	5.60	1 December

(1) Loans approved in 1978 were denominated in US dollars but all subsequent loans have been denominated in Special Drawing Rights (SDR).

(2) Supplementary financing of SDR 5.5 million to the project was approved by the Executive Board in September 1982 (under loan 109 SR).

(3) The approval for the loan to the project for Afghanistan was rescinded by the Executive Board as of 31 December 1981.

(4) This loan was subsequently cancelled in 1987.

(5) The loan amount for this project totals SDR 10.3 million. SDR 5.9 million is financed under IFAD's Regular Programme and SDR 4.4 million is financed from the Special Programme.

(6) The loan amount for this project totals SDR 16.2 million. SDR 9.10 million is financed under IFAD's Regular Programme and SDR 7.10 million is financed from the Special Programme.

Loans are on highly concessional terms except for those marked (*) which are on intermediate terms, and (**) which are on ordinary terms.

LIST OF PROJECTS APPROVED UNDER IFAD'S SPECIAL PROGRAMME FOR SUB-SAHARAN AFRICAN COUNTRIES AFFECTED BY DROUGHT AND DESERTIFICATION

Loan No.	Country	Name of Project	Original Amount of Loan (SDRm)	Date of Approval
1986				
SRS 001 MR	Mauritania	Agricultural Rehabilitation	4.0	30 April
SRS 002 GH	Ghana	Smallholder Rehabilitation and Dev.	4.4[1]	3 December
SRS 003 ET	Ethiopia	Special Country	9.3	3 December
SRS 004 ML	Mali	Development Project in the Zone Lacustre	4.85	3 December
SRS 005 SU	Sudan	Northern Province Irrigation Rehab.	8.05	3 December
1987				
SRS 006 GB	Guinea-Bissau	Rural Incentives	3.50	28 April
SRS 007 ZA	Zambia	Smallholder Services Rehabilitation	7.10[2]	9 September
SRS 008 MZ	Mozambique	Second Agricultural Rehabilitation	11.85	10 September
SRS 009 NG	Niger	Special Country	10.25	3 December
SRS 010 UG	Uganda	Southwest Region Agric. Rehabilitation	9.10	3 December
SRS 011 BF	Burkina Faso	Special Programme for Soil and Water Conservation and Agroforestry in the Central Plateau	7.00	4 December
1988				
SRS 012-GU	Guinea	Fouta Djallon Agricultural Rehabilitation	11.40	14 September
SRS 013-LE	Lesotho	Soil and Water Conservation and Agroforestry	6.00	14 September
SRS 014-ML	Mali	Kidal Food and Income Security	7.55	30 November
SRS 015-SE	Senegal	Agroforestry Development	8.30	30 November
SRS 016-SU	Sudan	En Nahud Cooperative Credit	6.55	30 November

(1) The loan amount for this project totals SDR 10.3 million. SDR 5.9 million is financed under IFAD's Regular Programme and SDR 4.4 million is financed from the Special Programme.
(2) The loan amount for this project totals SDR 16.2 million. SDR 9.10 million is financed under IFAD's Regular Programme and SDR 7.10 million is financed from the Special Programme.

RESOLUTIONS ON IFAD ADOPTED BY INTERNATIONAL FORA

The significant contribution IFAD has been making in the context of the global campaign against hunger and poverty has received wide recognition in 1988 as was the case in the past. This has been reflected in the proceedings of the meetings and conferences of various international and regional organizations and in the resolutions and recommendations adopted by them on issues of food production, agricultural and rural development, commending the achievements of the Fund and urging the international community to continue their support of IFAD and endeavour to provide it with the necessary financial resources on a secure and stable basis while safeguarding its unique structure.

Extracts from the Resolution adopted by the Assembly of the Heads of State and Government of the Organization of African Unity (OAU) at its Third Extraordinary Session held from 3 November to 1 December 1987, on the African Common Position on Africa's External Debt Crisis (Measures to Alleviate Africa's External Debt Crisis):

"There should be a predictable and higher replenishment of the resources of the International Fund for Agricultural Development (IFAD) through increased contribution by developed countries".

Extracts from the Report approved by the International Federation of Agricultural Producers (IFAP) at its Twenty-Eighth General Conference held from 9 to 13 May 1988, paragraph 43:

"IFAP strongly supports the role played by IFAD in implementing projects which raise living standards of the lowest income sectors of rural populations in developing countries. In order to carry out this important task, it is essential that the Third Replenishment of IFAD's Resources receives the highest possible level of support".

Extracts from the Recommendations adopted at the Second General Meeting between the United Nations and the League of Arab States (LAS) held in Geneva, Switzerland, from 29 June to 1 July 1988:

"Noting with great interest the significant contribution of the International Fund for Agricultural Development (IFAD) during its first decade of operations to the design, preparation and implementation of agricultural and rural development projects/ programmes directed at increasing food production, raising the nutritional standards and improving the living conditions of the smallholder farmers and the landless in the rural areas in the Arab region with a view to resolving food security problems of the region, the meeting recommended that the Fund continues during the second decade of its operations the fruitful cooperation with LAS and its Specialized Agencies involved in agricultural and rural development. The meeting recommended that the Fund continues to intensify its support to applied research programmes, and the development of regional farming systems in arid zones and dry lands and also support training and the development of human resources programmes in the food and agricultural sectors.

In order for IFAD to be able to continue its operations, the meeting strongly urges the Member Countries of IFAD in the three categories to uphold their commitments towards the Fund and to endeavour to reach a successful result in the Third Replenishment of the resources of the Fund as quickly as possible so that the necessary financial resources needed by the Fund become available".

Resolution CM/RES.1174(XLVIII) on the Third Replenishment of IFAD's Resources adopted by the Organization of African Unity at its Forty-Eighth Ordinary Session of the Council of Ministers, held in Addis Ababa, Ethiopia, from 19 to 23 May 1988, and endorsed by the Twenty-Fourth Ordinary Session of the Assembly of Heads of State and Government of the OAU, held in Addis Ababa from 25 to 29 July 1988:

Recalling Resolution CM/Res.1060(XLIV) adopted at its Forty-Fourth Ordinary Session and Resolution CM/Res.1119(XLVI) adopted at its Forty-Sixth Ordinary Session on IFAD's Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification,

Bearing in mind General Assembly Resolution S-13/2 and, particularly, the stipulation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 in which the African countries and the international community committed themselves, *inter alia*, to giving priority attention and increased resources to the rehabilitation and development of food and agriculture in Africa,

Emphasizing the key role of agriculture, and within agriculture the traditional smallholder sector, in bringing about the economic recovery and the revitalization of the development process in Africa,

Recognizing the path-breaking contribution IFAD has made, both through mobilizing substantial additional resources and by evolving innovative and effective strategies to support the determined and brave efforts of smallholder farmers and other rural poor to free themselves from hunger, poverty and malnutrition,

Recording their deep appreciation to the developed and developing countries whose generous contributions to IFAD's Special Programme for Sub-Saharan Africa have made it possible for the Programme's target of US$ 300 million to be achieved,

Noting with interest that IFAD's Third Replenishment will be undertaken this year and reiterating the appeal made by the international community in the final act of UNCTAD VII for all countries to ensure the highest possible level of resources for the Fund while preserving its unique structure,

Underlining the necessity to ensure that IFAD has sufficient resources to consolidate in the coming years the breakthroughs against hunger and poverty made in its first decade of operations,

The Council:

1. *Urges* all Member States of IFAD to demonstrate the requisite will and flexibility so that the Replenishment can be completed successfully and expeditiously before the Fund's next Governing Council session in January 1989;

2. *Calls upon* the industrialized countries to take up a larger share of the Replenishment in recognition of the sharp deterioration in the export proceeds and external indebtedness of the developing country contributors;

3. *Invites* recipient developing countries to make the exceptional efforts required to achieve the target contribution of US$ 75 million in convertible currencies they have set for themselves at the First Session of the Replenishment Consultation;

4. *Appeals* to the traditional contributor developing countries to continue to show their solidarity with the millions of hunger- and poverty-stricken peoples of the developing countries and maintain their contributions to the Third Replenishment at the same level as the Second Replenishment".

Resolution 1988/73 on the Third Replenishment of IFAD, adopted on 29 July 1988, by the Economic and Social Council (ECOSOC) of the United Nations at its Second Regular Session of 1988:

"The Economic and Social Council,

Recalling General Assembly resolution S-13/2 of 1 June 1986, the annex to which contains the United Nations Programme of Action for African Economic Recovery and Development 1986-1990, in which the international community agreed to increase support, whenever possible, to the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification of the International Fund for Agricultural Development,

Noting with appreciation that the target of US$ 300 million for the Special Programme has been surpassed,

Recalling also its resolution 1987/90 of 9 July 1987, on food and agricultural problems and the Final Act of the Seventh Session of the United Nations Conference on Trade and Development,

Stressing the imperative need to strengthen international cooperation to intensify the global effort to assist the hundreds of millions of human beings who, as a result of acute poverty, continue to suffer, especially in rural areas, from hunger or chronic undernutrition,

Noting with appreciation the significant role that the International Fund for Agricultural Development has played in addressing, *inter alia*, the needs of the rural poor, including smallholders, the landless, rural women and other marginalized groups,

Noting the appeal made by the Assembly of Heads of State and Government of the Organization of African Unity at its Forty-Eighth session to strengthen financing for the fight against poverty and hunger being undertaken by the Fund,

Expressing its appreciation to those recipient developing countries that, by announcing significant increases in their contributions in convertible currency, have ensured that two-thirds of the objective of US$ 75 million they set themselves has already been achieved,

Emphasizing the validity of the unique structure and mandate of the International Fund for Agricultural Development,

Emphasing also the importance of ensuring the continuity of the lending operations of the Fund;

1. *Calls upon* all countries to demonstrate political will and flexibility so that the Replenishment of the International Fund for Agricultural Development can be completed by the end of 1988, before the next session of the Governing Council of the Fund;

2. *Appeals* to all Member States of the Fund to ensure that positive action is taken to reach an early agreement on the Third Replenishment as soon as possible;

3. *Invites* those recipient developing countries that have not yet done so to announce their increased contributions at the earliest possible date".

Extracts from the Report adopted by The Conference of Foreign Ministers of Non-Aligned Countries held from 7 to 10 September 1988, in Nicosia, Cyprus, paragraphs 80 and 82:

"80. The Ministers appealed to the international community to extend its full support to the International Fund for Agricultural Development (IFAD) in order to enable it to enter its second decade of activities on a firmer financial basis. In this regard and in conformity with paragraph 91, section 10, on food and agriculture, of the Economic Declaration adopted by the Eighth Summit Conference held in 1986, they emphasized the importance of guaranteeing the continuity of IFAD's present structure and its operations, and urged the industrialized countries to take up a larger share of the Third Replenishment in recognition of the sharp decrease in the export earnings suffered by the developing countries in general and, among them, the oil-producing countries in particular. They also appealed to the traditional developing contributor countries to continue to express their solidarity with the teeming millions of people plagued with hunger and poverty by maintaining their contributions to the Third Replenishment at the same level as for the Second Replenishment. The Ministers welcomed the efforts made by many recipient developing countries which have already announced substantially increased contributions and urged those recipient developing countries that have not yet done so to announce their increased contributions at the earliest possible date".

"82. The Ministers called upon the international community to exert every effort to facilitate the implementation of all previously announced plans for the development of Africa. They noted with great satisfaction the full attainment of the targeted US$ 300 million for the IFAD Special Programme for African Countries Affected by Drought and Desertification, set up to assist the recovery, rehabilitation and long-term development process in those countries, which gave new impetus and reiterated support to the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990 (UN PAAERD)".

Extract from the Resolution adopted by the Eightieth Interparliamentary Conference held in Sofia, Bulgaria, in September 1988:

"Stresses the need to guarantee the continuity of the structure and operations of the International Fund for Agricultural Development (IFAD), urges the industrialized countries to assume a major share of the third replenishment of its resources, and requests the traditional contributor developing countries to maintain their contribution to the third replenishment at the same level as their contribution to the second".

Extract from the Press Communiqué of the Development Committee of the World Bank/IMF after its Thirty-Fourth meeting held in Berlin in September 1988:

"Members recognized furthermore the important role played by the International Fund for Agricultural Development (IFAD) in the fight against poverty. They called on all member countries to conclude the negotiations on the Third Replenishment successfully and expeditiously".

STATISTICAL ANNEX

Overview of IFAD Loan and Grant Operations under the Special Programme for Sub-Saharan Africa, 1986-1988

Table 11
(SDR million)

		1986	1987	1988	1986-88	
No. of Projects		5	6	5	16	
Amount		30.6	48.8	40.5	119.9	
Technical Assistance Grants	(No.)	6	12	11	29	
	(Amount)	2.3	4.2	2.5	8.9	
Total IFAD Loan and Grant Operations		**32.9**	**53.0**	**43.0**	**128.9**	
No. of Recipient Countries[1]		5	11	14	14	
Projects Initiated by IFAD						
Number		5	6	5	16	
%		100.0%	100.0%	100.0%	100.0%	
% of Projects on Highly Concessional Terms		100.0%	100.0%	100.0%	100.0%	
Total Project Cost (US$ million)		**109.5**	**114.6**	**76.2**	**300.2**	(2)
Financed from:						
IFAD SPA Resources		37.7	66.5	54.0	158.2	
IFAD Regular Resources		7.0	11.5		18.5	
Cofinancing		38.7	23.7	6.0	68.4	
Multilateral		25.7	15.9	3.2	44.9	(3)
Bilateral		12.5	7.7	2.5	22.7	
NGO		0.5	0.1	0.3	0.8	
Domestic		26.1	12.8	16.3	55.2	(4)
No. of Effective Projects under Implementation		1	3	10	10	
No. of Projects in Pipeline		6	9	7		

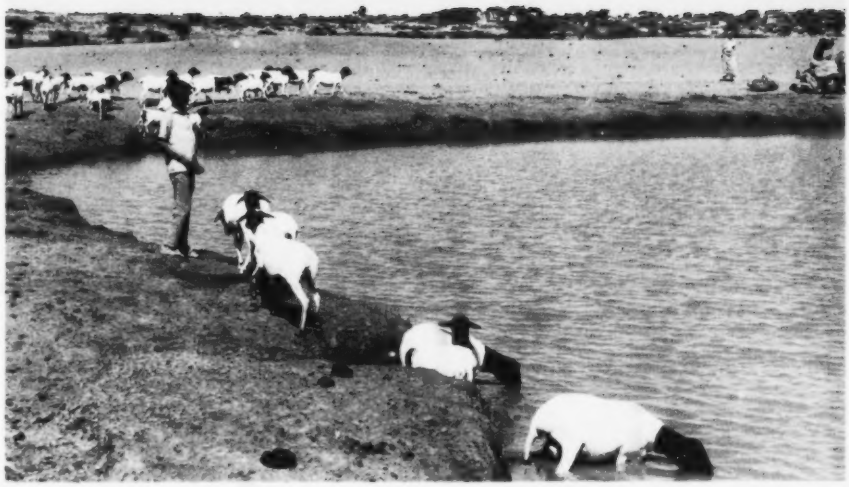
1987 figures are provisional.
(1) As at end of period.
(2) Includes two projects, US$ 16.8 million for Ghana in 1986, US$ 25.7 million for Zambia in 1987, partially financed under the Regular Programme.
(3) Includes one project, US$ 3.5 million for Zambia in 1987, partially financed under the Regular Progamme.
(4) Includes two projects, US$ 4.6 million for Ghana in 1986, US$ 1.7 million for Zambia in 1987, partially financed under the Regular Programme.

Summary of IFAD Projects under the Regular Programme and the Special Programme for Sub-Saharan Africa by Cofinancing and Initiating Institution, 1978-1988

Table 12
(US$ million)

Initiating Institution	Financing Plan	1978-82 Amt.	%	1983-87 Amt.	%	1988 Amt.	%	1978-88 Amt.	%
Cooperating Institution Initiated Projects	IFAD	671.9	16	263.1	10	10.8	20	945.8	14
	Cofinance	1741.7	42	1004.8	40	38.1	69	2784.6	41
	Domestic	1755.6	42	1269.2	50	6.3	11	3031.0	45
	Total	**4169.1**	**100**	**2537.1**	**100**	**55.2**	**100**	**6761.4**	**100**
	No.	57		31		1		89	
IFAD Initiated & Cofinanced Projects	IFAD	207.6	42	510.3	54	126.3	63	844.2	40
	Cofinance	158.3	32	527.3	37	46.7	23	732.3	34
	Domestic	129.9	26	400.2	28	59.2	30	589.3	28
	Total	**495.8**	**100**	**1437.9**	**100**	**200.6**	**100**	**2134.3**	**100**
	No.	19		56		14		89	
IFAD Initiated & Exclusively Financed Projects	IFAD	604.7	59	168.8	55	94.3	59	867.8	58
	Domestic	423.4	41	136.1	45	66.0	41	625.4	42
	Total	**1028.1**	**100**	**304.8**	**100**	**160.3**	**100**	**1493.2**	**100**
	No.	35		22		8		65	
All Projects	IFAD	1484.2	26	942.2	22	231.3	52	2657.7	26
	Cofinance	1900.0	33	1532.1	36	84.8	19	3516.9	34
	Domestic	2308.8	41	1805.5	42	131.5	29	4245.7	41
	Total	**5693.0**	**100**	**4279.8**	**100**	**447.6**	**100**	**10420.4**	**100**
	No.	**111**		**109**		**23**		**243**	

1988 figures are provisional.



Sheep on their way to an animal water point built under the North-West Region Agricultural Development Project in Somalia.

Summary of IFAD Projects by Project Type under the Regular Programme and the Special Programme for Sub-Saharan Africa, 1978-1988 Table 13 (SDR million)

	1978-82	1983-87	1988	1978-1988
Agricultural Development				
(Amount)	214.9	227.4	41.5	483.9
(Number)	23	35	7	65
(%)	17.6	27.0	23.5	21.6
Rural Development				
(Amount)	407.7	166.2	49.7	623.6
(Number)	36	23	4	68
(%)	33.4	19.7	28.2	27.9
Livestock Development				
(Amount)	73.8	47.9	34.2	155.8
(Number)	7	8	3	18
(%)	6.0	5.7	19.4	7.0
Irrigation				
(Amount)	232.3	93.9	0.0	326.2
(Number)	15	8	0	23
(%)	19.0	11.1	0.0	14.6
Settlement				
(Amount)	31.1	0.0	0.0	31.1
(Number)	2	0	0	2
(%)	2.5	0.0	0.0	1.4
Research/Extension/Training				
(Amount)	29.8	38.4	0.0	68.2
(Number)	4	5	0	9
(%)	2.4	4.6	0.0	3.0
Credit				
(Amount)	162.3	181.8	45.5	389.5
(Number)	16	17	8	41
(%)	13.3	21.6	25.8	17.4
Fisheries				
(Amount)	17.8	28.9	5.6	52.3
(Number)	5	7	1	13
(%)	1.5	3.4	3.2	2.3
Marketing/Storage/Processing				
(Amount)	0.0	0.0	0.0	0.0
(Number)	0	0	0	0
(%)	0.0	0.0	0.0	0.0
Programme Loan				
(Amount)	50.4	57.3	0.0	107.7
(Number)	3	6	0	9
(%)	4.1	6.8	0.0	4.8
TOTAL				
(Amount)	**1220.1**	**841.7**	**176.5**	**2238.3**
(Number)	**111**	**109**	**23**	**243**
(%)	**100.0**	**100.0**	**100.0**	**100.0**

1988 figures are provisional.

Summary of IFAD Projects by Project Component under the Regular Programme and the Special Programme for Sub-Saharan Africa, 1978-1988 Table 14

	1978-82	1983-87	1988	1978-88
Credit Funds	23.7%	29.0%	43.0%	26.1%
Fertilizer	2.0%	1.9%	0.0%	1.9%
Irrigation	22.9%	10.3%	5.1%	17.4%
Extension	3.1%	6.4%	1.3%	4.3%
Research	2.5%	3.5%	2.0%	2.8%
Training	1.9%	2.0%	1.3%	1.9%
Technical Assistance Grant	0.7%	0.9%	0.0%	0.7%
Technical Assistance Non-Grant	2.3%	2.4%	3.8%	2.4%
Ext./Res./Train./TA	2.4%	3.8%	6.5%	3.1%
Agricultural Inputs	13.8%	18.0%	3.7%	15.0%
Land Improvement	3.8%	3.3%	7.2%	3.8%
Marketing / Storage	2.1%	1.6%	0.1%	1.8%
Rural Industry	0.1%	1.0%	0.0%	0.4%
Cooperatives / Institutional Support	3.0%	3.0%	13.9%	3.5%
Transport Infrastructure	6.4%	2.8%	4.6%	5.0%
Health / Nutr. Infrastructure	1.6%	1.2%	0.0%	1.4%
Education Infrastructure	0.1%	0.0%	0.0%	0.1%
Settlement	0.9%	0.0%	0.2%	0.5%
Other Infrastructure	1.6%	1.9%	0.1%	1.7%
Management / Administration	3.0%	4.1%	3.6%	3.5%
Monitoring & Evaluation	1.1%	1.3%	0.4%	1.2%
Mgt. / Admin. / M&E	0.9%	1.0%	1.7%	1.0%
Development Fund	0.0%	0.4%	0.0%	0.1%
Women's Development			1.6%[1]	0.1%
TOTAL	**100%**	**100%**	**100%**	100%

(1) Since many components are clearly designated to benefit women to the maximum extent we can place clearly delineated allocation for women in 1988 at about 23%.
1988 figures only up to September 1988.

IFAD Projects under the Regular Programme by Initiating Institution and by Region, 1978-1988 Table 15 (SDR million)

		1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1978-88	
Africa														
Coop. Institutions Initiated	(Amt.)	9.2	9.6	52.6	31.1	16.9	31.4	21.9	8.6	3.3	12.5	8.3	205.3	
	(No.)	2	3	5	4	2	3	4	2	1	2	1	29	35.4%
IFAD-initiated	(Amt.)	0.0	31.3	23.8	68.3	47.1	71.9	43.1	41.3	26.3	29.4	38.7	421.0	
	(No.)	0	3	3	8	5	8	7	4	5	5	5	53	64.6%
Asia														
Coop. Institutions Initiated	(Amt.)	64.1	31.5	17.5	54.8	53.7	81.5	1.5	0.0	8.1	0.0	0.0	312.7	
	(No.)	5	2	2	5	4	5	1	0	2	0	0	26	39.4%
IFAD-initiated	(Amt.)	0.0	99.0	76.3	80.6	44.9	10.4	56.5	38.7	22.1	44.6	41.2	514.3	
	(No.)	0	3	6	4	3	1	3	4	3	6	7	40	60.6%
Latin America & the Caribbean														
Coop. Institutions Initiated	(Amt.)	2.8	27.0	15.6	17.7	22.3	4.7	17.1	5.6	0.0	0.0	0.0	112.7	
	(No.)	1	4	1	3	2	1	3	1	0	0	0	16	36.4%
IFAD-initiated	(Amt.)	0.0	7.6	39.2	34.7	28.8	15.7	11.4	2.1	12.5	27.4	19.4	198.3	
	(No.)	0	1	4	4	3	3	1	1	3	5	3	28	63.6%
Near East & North Africa														
Coop. Institutions Initiated	(Amt.)	0.0	52.8	22.6	4.9	42.6	15.7	20.7	9.5	0.0	2.0	0.0	170.7	
	(No.)	0	5	2	1	4	1	3	1	0	1	0	18	48.6%
IFAD-initiated	(Amt.)	0.0	0.0	45.2	9.3	34.9	16.4	20.7	13.1	15.3	0.0	28.3	183.0	
	(No.)	0	0	4	1	2	2	3	3	2	0	2	19	51.4%
TOTAL														
Coop. Institutions Initiated	**(Amt.)**	**76.1**	**121.0**	**108.3**	**108.5**	**135.5**	**133.3**	**61.1**	**23.6**	**11.4**	**14.5**	**8.3**	**801.4**	
	(No.)	**8**	**14**	**10**	**13**	**12**	**10**	**11**	**4**	**3**	**3**	**1**	**89**	**39.2%**
IFAD-initiated	**(Amt.)**	**0.0**	**138.0**	**184.4**	**192.8**	**155.6**	**114.3**	**131.7**	**95.2**	**76.1**	**101.4**	**127.7**	**1316.9**	
	(No.)	**0**	**7**	**17**	**17**	**13**	**14**	**14**	**12**	**13**	**16**	**15**	**138**	**60.8%**

1988 figures are provisional.

IFAD Projects by Region under the Regular Programme, 1978-1988

Table 16
(SDR million)

		1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1978-88	
Africa	(Amt.)	9.2	40.9	76.4	99.3	64.0	103.3	65.0	49.8	29.6	41.8	47.0	626.3	29.6%
	(No.)	2	6	8	12	7	11	11	6	6	7	6	82	35.8%
Recipient countries[1]		2	8	16	26	28	33	36	38	38	38	38	38	
Asia	(Amt.)	64.1	130.5	93.8	135.4	98.6	91.9	58.0	38.7	30.2	44.6	41.2	826.9	39.0%
	(No.)	5	5	8	9	7	6	4	4	5	6	7	66	28.8%
Recipient countries[1]		5	7	9	10	12	14	15	15	16	16	16	16	
Latin America	(Amt.)	2.8	34.6	54.8	52.4	51.1	20.3	28.5	7.7	12.5	27.4	19.5	311.4	14.7%
& the Caribbean	(No.)	1	5	5	7	5	4	4	2	3	5	3	44	19.2%
Recipient countries[1]		1	6	11	15	17	19	21	22	22	22	24	24	
Near East &	(Amt.)	0.0	52.8	67.7	14.2	77.5	32.1	41.4	22.6	15.3	2.0	28.3	353.7	16.7%
North Africa	(No.)	0	5	6	2	6	3	6	4	2	1	2	37	16.2%
Recipient countries[1]		0	4	8	9	11	11	12	12	13	13	13	13	
TOTAL	**(Amt.)**	**76.1**	**258.9**	**292.7**	**301.3**	**291.1**	**247.6**	**192.8**	**118.8**	**87.5**	**115.8**	**136.0**	2118.3	100.0%
	(No.)	**8**	**21**	**27**	**30**	**25**	**24**	**25**	**16**	**16**	**19**	**18**	229	100.0%
Recipient countries[1]		**8**	**25**	**44**	**60**	**68**	**77**	**84**	**87**	**89**	**89**	**91**	91	
Technical Assistance Grants	(Amt.)		4.3	10.1	18.2	15.2	16.2	13.0	10.5	4.5	6.4	7.3	105.7	
	(No.)		18	40	29	32	33	25	23	17	26	19	262	
TOTAL IFAD Loan and Grant Operations		**76.1**	**263.2**	**302.8**	**319.5**	**306.3**	**263.8**	**205.8**	**129.3**	**92.0**	**122.2**	**143.3**	2224.1	

1988 figures are provisional.
(1) As at end of period.

Technical Assistance Grants Commitments under the Regular Programme the Special Programme for Sub-Saharan Africa and the NGO Extended Cooperation Programme, 1978-1988

Table 17
(US$ million)

		1978-82	1983-87	1988	1978-88	%
A. REGULAR PROGRAMME	**(Amt.)**	**56.91**	**54.95**	**9.54**	121.40	100.0
	(No.)	**119**	**124**	**19**	262	
Project preparation						
(Amount)		6.15	5.91	1.43	13.50	11.1
(Number)		52	50	8	110	
Project component						
(Amount)		9.89	3.83	0.00	13.72	11.3
(Number)		17	6	0	23	
Research						
(Amount)		38.93	37.49	7.31	83.72	69.0
(Number)		47	58	10	115	
Research CGIAR						
(Amount)		27.54	23.03	3.35	53.92	44.4
(Number)		34	40	6	80	
Research non CGIAR						
(Amount)		11.39	14.45	3.96	29.31	24.6
(Number)		13	18	4	35	
Training & Others						
(Amount)		1.94	7.71	0.80	10.46	8.6
(Number)		3	10	1	14	
B. SPA	**(Amt.)**	**0.00**	**8.59**	**3.17**	**11.76**	**100.0**
	(No.)	**0**	**18**	**11**	**29**	
Project preparation						
(Amount)		0.00	0.26	0.42	0.68	5.8
(Number)		0	2	3	5	
Project component						
(Amount)		0.00	6.17	1.55	7.72	65.6
(Number)		0	6	2	8	
Sof						
(Amount)		0.00	2.16	1.20	3.36	28.6
(Number)		0	10	6	16	
C. NGO Ext. Coop. Progr.	**(Amt.)**	**0.00**	**0.00**	**0.04**	**0.04**	**100.0**
	(No.)	**0**	**0**	**1**	**1**	
TOTAL GRANTS						
(Amount)		**56.91**	**63.54**	**12.75**	133.20	
(Number)		**119**	**142**	**31**	292	

1988 figures are provisional.

D. TECHNICAL ASSISTANCE GRANTS FOR AGRICULTURAL RESEARCH UNDER THE REGULAR PROGRAMME

Beneficiary	Amount (US$ 000)	Objectives
(i) **CGIAR-Supported International Centres**		
International Livestock Centre for Africa (ILCA)	550	Research on Small Ruminants in the Humid Zones of West Africa
International Institute of Tropical Agriculture (IITA)	600	Africa-wide Biological Control of Programme
International Crops Research Institute for the Semi-arid Tropics (ICRISAT)	600	On-farm Research on Groundnut, Pigeonpea, Chickpea and Transfer of Technology to Semi-Arid Tropics Farmers of India
International Centre for Agricultural Research in the Dry Areas (ICARDA)	700	Collaborative Research and Technical transfer of Programme to increase barley, food legumes and livestock production in North Africa
International Potato Centre (CIP)	800	Sweet and Little Potato Research in Central America and the Caribbean Region
International Centre for Agriculture Research in the Dry Areas (ICARDA)	100	Applied Research on Faba Beans in the Nile Valley
Sub-Total (6)	**3 350**	
(ii) **Other Agricultural Research Centres**		
International Council for Research in Agroforestry (ICRAF)	1 500	Agroforestry Research for Development of the Drylands of West Africa
Arab Centre for the Studies of Arid Zones and Dry Lands (ACSAD) Programme in the Near East and North African Regions	806	Regional Rainfed Farming Systems Research
Scientific, Technical and Research Commission of the Organization of African Unity (OAU/STRC)	800	Farming System Research (FSR) Programme within the Semi Arid Food Grain Research and Development in Africa (SAFGRAD) Project
International Centre for Insects Physiology and Ecology (ICIPE)	853	Research on Biological Control of Crop Borers
Sub-Total (4)	**3 959**	
TOTAL (D) (10)	**7 309**	

E. OTHER TECHNICAL ASSISTANCE GRANTS

Beneficiary	Amount (US$ 000)	Objectives
Regional Unit for Technical Assistance (RUTA) Costa Rica	800	To strengthen the institutional capacity to devise appropriate agricultural sectoral policies and identify, prepare and implement projects in Central America.
TOTAL (E) (1)	**800**	

F. TECHNICAL ASSISTANCE GRANTS UNDER NGO EXTENDED COOPERATION PROGRAMME

SOS Sahel Britain	38	To assist the Community Forestry Project in testing new technologies and institutional approach in the project area of an ongoing IFAD project in The Sudan.
TOTAL (F) (1)	**38**	

Total 1988 Technical Assistance Grants

Under the Regular Programme (19)	**9 542**
Under the Special Programme (11)	**3 180**
Under NGO Extended Cooperation Programme (1)	**38**
TOTAL 1988 TECHNICAL ASSISTANCE GRANTS (31)	**12 760**

Note: Figures in parenthesis show number of grants.

Disbursement by Year and by Region under the Regular Programme, 1978-1988

Table 19
(SDR million)

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1978-88
Africa	0.68	1.57	8.25	15.55	35.90	46.64	54.39	55.45	51.67	49.50	319.60
Asia	1.17	18.43	33.59	42.93	46.17	93.28	92.33	78.06	63.42	60.20	529.57
Latin America & the Caribbean		10.28	7.61	8.40	23.78	23.65	23.88	26.13	27.13	16.90	167.76
Near East & North Africa	0.15	4.82	7.42	18.16	26.10	27.59	29.76	31.25	21.53	18.40	185.17
TOTAL	2.01	35.11	56.87	85.03	131.96	191.16	200.35	190.88	163.74	145.00	1202.11

1988 figures are provisional.

IFAD Projects by Region under the Regular Programme and the Special Programme for Sub-Saharan Africa, 1978-1988

Table 20
(SDR million)

		1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1978-88	
Africa	(Amt.)	9.2	40.9	76.4	99.3	64.0	103.3	65.0	49.8	52.1	90.6	80.8	731.5	32.7%
	(No.)	2	6	8	12	7	11	11	6	9	12	10	94	38.7%
Recipient countries[1]		2	8	16	26	28	33	36	38	38	38	38	38	
Asia	(Amt.)	64.1	130.5	93.8	135.4	98.6	91.9	58.0	38.7	30.2	44.6	41.2	826.9	36.9%
	(No.)	5	5	8	9	7	6	4	4	5	6	7	66	27.2%
Recipient countries[1]		5	7	9	10	12	14	15	15	16	16	16	16	
Latin America & the Caribbean	(Amt.)	2.8	34.6	54.8	52.4	51.1	20.3	28.5	7.7	12.5	27.4	19.5	311.4	13.9%
	(No.)	1	5	5	7	5	4	4	2	3	5	3	44	18.1%
Recipient countries[1]		1	6	11	15	17	19	21	22	22	22	24	24	
Near East & North Africa	(Amt.)	0.0	52.8	67.7	14.2	77.5	32.1	41.4	22.6	23.3	2.0	35.1	368.5	16.5%
	(No.)	0	5	6	2	6	3	6	4	3	1	3	39	16.0%
Recipient countries[1]		0	4	8	9	11	11	12	12	13	13	13	13	
TOTAL	**(Amt.)**	**76.1**	**258.9**	**292.7**	**301.3**	**291.1**	**247.6**	**192.8**	**118.8**	**118.1**	**164.6**	**176.5**	**2238.3**	**100.0%**
	(No.)	**8**	**21**	**27**	**30**	**25**	**24**	**25**	**16**	**20**	**24**	**23**	**243**	**100.0%**
Recipient countries[1]		**8**	**25**	**44**	**60**	**68**	**77**	**84**	**87**	**89**	**89**	**91**	**91**	
Technical Assistance Grants	(Amt.)		4.3	10.1	18.2	15.2	16.2	13.0	10.5	6.8	10.6	9.8	114.7	
	(No.)		18	40	29	32	33	25	23	23	38	31	292	
TOTAL IFAD Loan and Grant Operations		**76.1**	**263.2**	**302.8**	**319.5**	**306.3**	**263.8**	**205.8**	**129.3**	**124.9**	**175.2**	**186.3**	**2353.0**	
		8	**39**	**67**	**59**	**57**	**57**	**50**	**39**	**43**	**62**	**54**		

1988 figures are provisional.
(1) As at end of period.

Acronyms and Abbreviations

ABS	Agricultural Bank of Sudan
ACC	Administrative Committee on Co-ordination
ACORD	Agency for Cooperation and Research in Development
ACSAD	Arab Centre for the Study of Arid Zones and Dry Lands
AEH	Artists to End Hunger AfDB African Development Bank
AfDF	African Development Fund
AFESD	Arab Fund for Economic and Social Development
AGF	Agroforestry
AMTA	Agricultural Management Training Programme for Africa
AOAD	Arab Organization for Agricultural Development
APPER	Africa's Priority Programme for Economic Recovery
AsDB	Asian Development Bank
ASIN	Acción de Sistemas Informativos Nacionales
BCIE	Central American Bank for Economic Integration
BNDE	Banque nationale pour le développement économique
BOAD	West African Development Bank
BSF	Belgium Survival Fund
CAF	Andean Development Corporation
CATIE	Tropical Agriculture Research and Training Centre
CDB	Caribbean Development Bank
CFA	Committee on Food Aid Policies and Programmes (WFP)
CIAT	International Centre for Tropical Agriculture
CIDA	Canadian International Development Agency
CIDIE	Committee of International Development Institutions on the Environment
DANIDA	Danish International Development Agency
ECOSOC	Economic and Social Council (United Nations)
ECP	Extended Cooperation Programme
EDF	European Development Fund
EDI	Economic Development Institute
EEC	European Economic Community
EIA	Environmental Impact Assessment
FAC	Fonds d'Aide et de Coopération
FAO	Food and Agriculture Organization of the United Nations
FFW	Food for Work
IBRD	International Bank for Reconstruction and Development
IBRD/IDA	World Bank
ICARDA	International Centre for Agricultural Research in the Dry Areas
ICIPE	International Centre of Insects Physiology and Ecology
ICRAF	International Council for Research in Agroforestry
ICRISAT	International Crops Research Institute for the Semi-Arid Tropics
IDA	International Development Association
IDB	Inter-American Development Bank
IFAP	International Federation of Agricultural Producers
IFIs	International Financial Institutions
IICA	Inter-American Institute for Cooperation on Agriculture
ILCA	International Livestock Centre for Africa
IMF	International Monetary Fund
IPS	Inter Press Service
IsDB	Islamic Development Bank
ITTA	International Institute of Tropical Agriculture
JCGP	Joint Consultative Group on Policy
KWFT	Kenya Women's Finance Trust
LAS	League of Arab States
LDCs	Least Developed Countries
M&E	Monitoring and Evaluation
MTE	Mid-Term Evaluation
NENARACA	Near East and North Africa Regional Agricultural Credit Association
NGOs	Non-Governmental Organizations
OAU	Organization of African Unity
OAU/STR	Scientific, Technical and Research Commission of the Organization of African Unity
OC	Organizational Committee
OFCOR	On-Farm Client-Oriented Research
OIC	Organization of Islamic Countries
OPEC	Organization of the Petroleum Exporting Countries
OPEC FUND	OPEC Fund for International Development
PPRC	Project and Programme Review Committee
PTA	Preferential Trade Area
RAI	Italian Radio and Television
R.T.D.W.	Radio en Televisie Voor Derde Wereldlanden en Oversee
R.T.T.M.	Radio-Télévision Pour les Pays du Tiers Monde d'Outre-Mer
RUTA	Regional Unit for Technical Assistance
SACRED	Scheme for Agricultural Credit Development
SADCC	Southern African Development Coordination Conference
SAFGRAD	Semi-Arid Food Grain Research and Development
SICUL	Solomon Islands Credit Union League
SOF	Special Operations Facility
SPA	Special Program for Sub-Saharan African Countries Affected by Drought and Desertification
SPMs	Special Programming Missions
SRS	Special Resources for Sub-Saharan Africa
SWC	Soil and Water Conservation
T&V	Training and Visit
TDB	Tonga Development Bank
TRC	Technical Review Committee
TVE	Television Trust for the Environment
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNDP/OPS	United Nations Development Programme Office for Project Services
UNEP	United Nations Environment Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNPAAERD	United Nations Programme for Action for African Economic Recovery and Development
WFP	World Food Programme
WHO	World Health Organization
WIF	Worldview International Foundation

Technical Notes

All 1988 figures are provisional
Any discrepancy in totals is due to roundings

Country Groupings

In this Annual Report country groupings are as follows:

Africa Region

This is IFAD's Administrative Division which includes 41 Countries: Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, The Congo, Cote d'Ivoire, Equatorial Guinea, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, The Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Swaziland, the United Republic of Tanzania, Togo, Uganda, Zaire and Zimbabwe.

Sub-Saharan Africa Region

All Countries listed above and the following three countries: Djibouti, Somalia and The Sudan. For all other purposes these three countries are included in IFAD's Near East and North Africa Division

Low-income Food-deficit Countries

The FAO has identified 63 countries as low-income food-deficit, defined as those food-deficit countries with a per capita GNP less than US$ 790 (in 1983 current prices), which is the cut-off level for eligibility to receive IDA assistance:
Afghanistan, Angola, Bangladesh, Benin, Bhutan, Bolivia, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, China, Comoros, Cote d'Ivoire, Djibouti, Egypt, El Salvador, Equatorial Guinea, Ethiopia, The Gambia, Ghana, Guinea, Guinea-Bissau, Haiti, Honduras, India, Indonesia, Democratic Kampuchea, Kenya, Kiribati, Laos, Lesotho, Liberia, Madagascar, Maldives, Mali, Mauritania, Morocco, Mozambique, The Niger, Nigeria, Papua New Guinea, The Philippines, Rwanda, Samoa, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, Sri Lanka, The Sudan, Swaziland, the United Republic of Tanzania, Togo, Tonga, Uganda, Vanuatu, Viet Nam, Yemen A.R., Yemen, P.D.R., Zaire and Zambia.

Of these, three are not IFAD Members: Democratic Kampuchea, Kiribati and Vanuatu.

Least-Developed Countries

The UN has classified 40 countries as "Least developed countries" on the basis of the three following economic and social criteria: low income, low literacy rate and low share of manufacturing in total output.

Afghanistan, Bangladesh, Benin, Bhutan, Botswana, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Djibouti, Equatorial Guinea, Ethiopia, The Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Laos, Lesotho, Malawi, Maldives, Mali, Mauritania, Nepal, The Niger, Rwanda, Samoa, Sao Tome and Principe, Sierra Leone, Somalia, The Sudan, the United Republic of Tanzania, Togo, Tuvalu, Uganda, Vanuatu, Yemen A.R., and Yemen, P.D.R.

Of these, three are not IFAD Members: Kiribati, Tuvalu and Vanuatu.

Loan Commitments

Loan amounts recorded throughout this Annual Report are net commitment figures, and thus equal the loan amounts originally approved less eventual cancellations. Loans approved in 1978 were denominated in US dollars which were converted into approximate Special Drawing Rights' (SDR) amounts on the basis of the average US dollar/SDR exchange rate for that year. Loans approved since 1979 have been denominated in SDRs, while technical assistance grants, except those included in project components, have been denominated in US dollars. Approximate amounts in US dollars for loans approved since 1979, which are taken from the President's Report and Recommendations to the Executive Board, have been converted on the basis of the US dollar/SDR exchange rate at the time of loan negotiations. In the case of technical assistance grants, SDR or US dollar amounts have been converted into US dollar or SDR amounts on the basis of the average US dollar/SDR exchange rate for the year of commitment. In the main body of this report, the US dollar equivalents of IFAD's loan and grant operations would be different from the corresponding figures in the Financial Statements, because the latter normally use the US dollar/SDR exchange rate on 31 December as the basis of valuation.

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the International Fund for Agricultural Development of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The designations "developed" and "developing" economies are intended for statistical convenience and do not necessarily express a judgement about the stage reached by a particular country or area in the development process.

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